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**Auditor's Examination of Privatization of
Parking Meters Operations and
Contractor's Performance Billings
Under Parking Meter Services Contract**

February 22, 2007

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EXECUTIVE SUMMARY

PURPOSE

Pursuant to a request from Councilmember Carol Schwartz, former Chairperson, Committee on Public Works and the Environment, and Section 455 of the District of Columbia Home Rule Act,¹ the District of Columbia Auditor (Auditor) conducted a financial and compliance audit of contract number OMS-6120-AA-CW/KH, which the District awarded to Lockheed Martin IMS (currently doing business as Affiliated Computer Services (ACS)), governing the operations of the District's parking meter program. This report focuses on the contractor's performance and billings under the parking meter services contract.²

CONCLUSION

The Auditor found that privatization of parking meter services during fiscal years 1999 through 2005 did not result in the minimum 5% cost savings required by the Procurement Practices Act of 1985, as amended. Based on the Auditor's analysis, the costs of parking meter services were significantly higher under privatization as compared to cost estimates of providing these services in-house, after adjusting for inflationary increases. In fact, comparison of in-house cost estimates to those under privatization indicated that the costs under privatization were approximately \$8,823,447, or 33.4%, higher than they would have been had this function continued to be provided by District employees in-house during fiscal years 1999 through 2005. The Auditor's analysis also found that each dollar the District spent on parking meter operations in fiscal year 1993 generated \$10.58 of net revenue, however, each dollar spent in fiscal year 2003 under the privatization contract generated only approximately \$2.63 of net revenue.

The Auditor also found that meter inventory data provided by the contractor was flawed and many meters were defaced, poorly maintained, or inoperable. ACS' meter inventory indicated that 1,906 meters were installed on the seven routes. However, the Auditor found only 1,236 meters, or 65%, of the reported 1,906 meters on the seven routes evaluated by the Auditor. The remaining 670

¹See section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198; 87 Stat. 803); D.C. Code §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." See also, section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Code §1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

²See D.C. Auditor's first report on parking meter services entitled, "Auditor's Examination of Parking Meter Contract Administration and Financial Management" issued July 7, 2006.

meters, or 35%, were missing and could not be accounted for by ACS or DDOT. Of the 1,236 meters examined by the Auditor, 807, or 65%, had problems including multiple stickers defacing the meters, graffiti, leaning meter poles, poles too low or high, unstable meter heads, and clouded (polluted) domes. One hundred ninety-seven (197) meters, or 16%, were completely inoperative. The Auditor's review found only 232, or 19%, of the 1,236 meters working without any apparent problems.

Parking meters are valuable revenue generating tools and thus should be recorded in the District's and/or DDOT's inventory data system, and assigned unique serial numbers for identification, control, tracking and accountability purposes. The Auditor further found that accountable DDOT managers and staff failed to independently establish and maintain a centralized meter inventory database. As a result, DDOT management was not able to identify, control, and track the location and number of meters placed in service or those meters that had been removed, for what reason, or for how long. As a result, DDOT management could not document the status of the 670 missing meters in the Auditor's sample. As a result, DDOT did not know which specific meters by serial number had been placed in service or which meters by serial number were removed from service at any given point in time. As a result of the lack of an effective centralized inventory system and a lax system of control over and accountability for these assets, DDOT management could not accurately develop a realistic revenue collection estimate or calculate revenue losses to the District from meters removed from service. For example, the Auditor found six meters bearing duplicate meter numbers that were placed in operation and collecting revenue, however, the Auditor was unable to determine whether all revenue from these meters ever reached the District's treasury.

The Auditor found that although ACS failed repeatedly to repair parking meters within the 72-hour period specified in the privatization contract, the District continued issuing tickets for overtime or expired meter violations to vehicles parked at meters that were at the time inoperable for more than the 72-hour period. Based on an examination of 734,578 parking tickets, the Auditor found 6,888 tickets, or .9%, improperly issued to vehicles parked at broken meters that had not been repaired within the 72-hour period. The fines for these 6,888 tickets totaled \$159,975. Issuing tickets to vehicles parked at inoperable parking meters undermines the credibility of the District's parking meter program and unfairly shifts the cost, impact, and liability for poor contractor performance and inept contract administration and management to parking patrons rather than ACS and the District government.

The Auditor further found that ACS was inappropriately paid bagged meter revenue fees despite the absence of a contract provision or an approved contract modification authorizing the payment of these fees. Although Section B.4(b)4 of the parking meter services contract stated that “. . . The contractor shall be compensated exclusively from revenues collected from the [sic] operating parking meters,” the Auditor found that ACS billed and the District improperly paid \$644,952 in fees to ACS for bagged meter revenue collected during fiscal years 1998 through 2005.

The Auditor found that the process of decommissioning parking meters needs immediate improvement, and also found significant problems with individuals, organizations, and businesses unilaterally posting unofficial “Emergency No Parking” signs that improperly prohibited parking at meters thus affecting the District’s parking revenue stream and disrupting parking in District neighborhoods sometimes unnecessarily for long periods of time.

The Auditor found that parking meters located around federal buildings were often removed by DDOT at the request of a Federal agency without any type of agreement between the District government and the Federal government for reimbursement of revenue losses resulting from removal of meters. According to an analysis entitled “Federally Occupied Buildings,” an estimated 2,278 meters were removed around federal building sites with a corresponding revenue loss totaling \$3,830,999. The Auditor further found that the District lost approximately \$120,048 in meter revenue from the removal/bagging of parking meters during the 2001 and 2005 Presidential Inaugurations.

Although, the Auditor found that DDOT’s oversight and monitoring improved during the last 12 months on the 7-year contract, improvements are still needed. Specifically, for the current parking meter contract, DDOT must ensure that effective and beneficial contract standards are in place and enforced; effective contract monitoring and oversight are adequately implemented and maintained; and DDOT’s ability to monitor, control, track, and account for the District’s parking and track meter inventory is substantially improved.

FINDINGS

1. The parking meter privatization effort failed to yield the 5% cost savings required by law instead costs were approximately \$8.8 million, or 33%, higher under privatization.
2. ACS failed to meet performance standards under the contract.

3. Overall meter complaints increased approximately 903% under the privatization contract with ACS.
4. Parking ticket patrons were improperly fined \$159,975 while parking at broken meters.
5. ACS was inappropriately paid \$644,952 in bagged meter revenue fees.
6. Process of decommissioning parking meters needs significant improvement.
 - a. Inadequate coordination and ineffective regulation of the issuance and use of “Emergency No Parking” signs.
7. District lost \$3.8 million in revenue from meters removed at locations around federal agencies.
 - a. District lost additional revenue estimated at \$120,049 from meters removed from service to facilitate the 2001 and 2005 presidential inaugural activities.
8. DDOT accountable managers failed to timely hire a contract monitor and assign appropriate resources to contract monitoring.

RECOMMENDATIONS

1. The Director of DDOT request appropriate DDOT and Office of Contracting and Procurement (OCP) staff to timely conduct a cost-benefit analysis as required by D.C. Code §2-301.05(b). Further, the Director should also commission an analysis of the projected cost of performing parking meter services in-house and the cost of continuing to provide the same services under a privatization contract.
2. DDOT’s Director establish an accurate centralized parking meter inventory in order to effectively control, monitor, track, and account for all parking meters as well as to: (a) determine the exact meter inventory in the District; (b) appropriately track revenue, status, and disposition of each meter in the inventory; and (c) enable the detection and elimination of duplicate meter numbers.
3. DDOT’s Director ensure that required maintenance of all parking meters is timely and regularly performed by ACS according to contract provisions.
4. DDOT Director immediately investigate increases in meter complaints to determine the

cause(s), full impact, and appropriate corrective action. The investigation should allow the Director of DDOT and other accountable District officials, in conjunction with ACS, to develop and timely implement corrective measures to address this growing problem.

5. District immediately refund parking fines and any penalties to vehicle owners improperly issued parking tickets while parked at inoperable meters.
6. DDOT Director immediately discontinue the payment of bagged meter revenue fees to ACS until properly justified, priced, and authorized by contract.
7. The Director of DDOT immediately establish and implement effective policy and procedures governing the decommissioning and bagging of meters. Adherence to the policy and procedures should allow accountable DDOT managers to know exactly which meters have been removed, for what time period, how much revenue has been collected, and identify any outstanding balance due the District.
8. DDOT's Director must ensure that only "NO PARKING" signs officially issued by a specifically designated and accountable District government agency are being used throughout the District, and that appropriate sanctions are established and enforced for the illegal posting of "NO PARKING" signs in the District.
9. DDOT Director determine the exact amount of money owed by companies who had meters removed but failed to reimburse the District.
10. DDOT Director immediately determine the number of meters removed from Federal building sites and for temporary federal events and negotiate agreements, where feasible, with Federal agencies for reimbursement of lost meter revenue.
11. The Director of DDOT ensure that the position of contract monitor for parking meter privatization remains filled thereby dedicating some resources to contract monitoring.

PURPOSE

Pursuant to a request from Councilmember Carol Schwartz, former Chairperson, Committee on Public Works and the Environment, and Section 455 of the District of Columbia Home Rule Act,³ the District of Columbia Auditor (Auditor) conducted a financial and compliance audit of contract number OMS-6120-AA-CW/KH, which the District awarded to Lockheed Martin IMS (currently doing business as Affiliated Computer Services (ACS)), governing the operations of the District's parking meter program. This report focuses on the contractor's performance and billings under the parking meter services contract.⁴

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether:

1. the privatization of the District's parking meter operations resulted in the 5% cost savings required under D.C. Code, Section 2-301.05b;⁵
2. the contractor complied with performance standards set forth in the parking meter services contract; and
3. contractor billings were reasonable and allowable under the terms of the contract.

The scope of the examination covered fiscal years 1999 through 2005 as of March 31, 2005. In certain instances, the period reviewed was extended to September 30, 2005.

³See section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198; 87 Stat. 803); D.C. Code §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." See also, section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Code §1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

⁴See D.C. Auditor's first report on parking meter services entitled, "Auditor's Examination of Parking Meter Contract Administration and Financial Management" issued July 7, 2006.

⁵See D.C. Code § 2-301.05b "Privatization contracts and procedures requirements," the District of Columbia Procurement Practices Act of 1985 (D.C. Law 6-85; formerly D.C. Code, §1-1181.1) was amended by D.C. Law 10-79, the "Privatization Procurement and Contract Procedures Amendment Act of 1993" effective March 19, 1994. See also, D.C. Law 11-98, the "Budget Support Act of 1995." D.C. Law 11-98 reduced the percentage of savings to be obtained under privatization from at least 10% to at least 5% over the duration of the contract.

In conducting the audit, the Auditor reviewed contract number OMS-6120-AA-CW/KH, dated February 9, 1998; the Request for Proposals (RFP);⁶ the contract file, including the contractor's Best and Final Offer;⁷ and contractor invoices and District payments. The Auditor also interviewed appropriate Department of Transportation (DDOT), Department of Public Works (DPW), Office of Contracting and Procurement (OCP), and ACS officials to document and validate processes used in the counting, collection, and reporting of parking meter revenue and the performance of certain parking meter services. Additionally, the Auditor reviewed applicable District laws, regulations, and policies and procedures related to parking meter services.⁸

The audit team reviewed data from the Office of Motion Picture and Television Development (MPTD), and interviewed representatives from the Metropolitan Police Department (MPD), Fire and Emergency Medical Services Department (FEMS), and Water and Sewer Authority (WASA) regarding the process and fiscal impact of removing parking meters from service.

Finally, the Auditor examined and tested information systems operated by DDOT and ACS for the purpose of evaluating the functionality of parking meters and determining contractor compliance with performance standards.

The audit was conducted in accordance with generally accepted governmental audit standards and included such tests of the records as deemed necessary and appropriate under the circumstances.

BACKGROUND

During the late 1990s, the District of Columbia government experienced a significant decline in parking meter revenue. According to reported data, several factors contributed to the decline in parking meter revenue including: (1) increased parking meter vandalism, (2) meter revenue theft, (3) increased long-term occupancy of metered spaces by individuals using handicapped placards, and (4) lack of adequate funding and staff to promptly address these issues. During this period, parking meter services were performed by employees of DPW's Transportation Systems Administration (TSA). Revenue during this period declined from a high of \$13.4 million in fiscal year 1992 to \$9.6

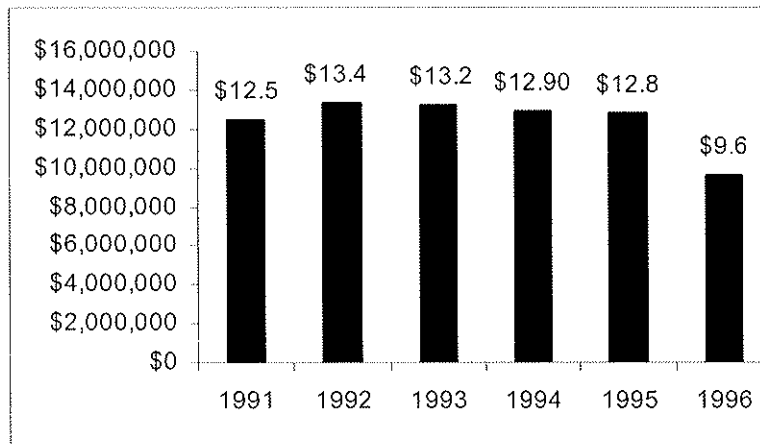
⁶See Request for Proposals (RFP) No. OMS-6120-AA-CW/KH, dated February 4, 1997.

⁷See Contractor's Best and Final Offer Dated October 29, 1997. It should be noted that the RFP and Contractor's Best and Final Offer were incorporated into the final contract. See Article 19, Incorporated Documents, Contract No. OMS-6120-AA-CW/KH.

⁸The Auditor also reviewed the privatization provisions of the Procurement Practices Act of 1985, D.C. Code § 2-301.05b, and internal operating policies and procedures issued by DPW and DDOT regarding parking meter services.

million in fiscal year 1996.⁹ During the same period, the District government experienced a severe financial crisis. As a result, the Congress of the United States established the District of Columbia Financial Responsibility and Management Assistance Authority also known as “the Control Board.”¹⁰ Chart 1 presents parking meter revenue from fiscal year 1991 through 1996.

Chart 1
Parking Meter Revenue Fiscal Years 1991 through 1996:
(millions)



Source: Grant Thornton LLP Report

In response to growing concerns regarding the decline in parking meter revenue, on February 2, 1998, DPW entered into a \$24,991,000 seven-year seven-month privatization contract with Lockheed Martin IMS Corporation, now Affiliated Computer Services (ACS) to provide new parking meters and to manage the District’s parking meter services.¹¹ The contract was transferred from DPW to DDOT in fiscal year 2002, along with all monitoring and oversight responsibilities for the District’s parking meter services.¹² The privatization contract was awarded in accordance with

⁹See Grant Thornton LLP, *Revenue and Cost Study for Privatization Enhancement of Parking Meter Operations*, June 25, 1997.

¹⁰See Public Law 104-8 dated April 17, 1995, which created the authority. The five members were appointed by the President and the authority had broad powers to review and approve the budget, legislation, contracts (including collective bargaining) and borrowing of the District; to borrow funds on behalf of the District.

¹¹The \$24,991,000 privatization contract was approved under Council Resolution 12-393 as the “Conversion and Management of Parking Meters Emergency Approval Resolution of 1998. The resolution was adopted during the February 3, 1998, legislative meeting. The District of Columbia Financial Responsibility and Management Assistance Authority, the Control Board, reviewed and approved the award of the contract February 6, 1998.

¹²See D.C. Law 14-137, the “Department of Transportation Establishment Act of 2002” effective May 21, 2002.

the provisions of D.C. Law 10-79, the “Privatization Procurement and Contract Procedures Act of 1993” (Privatization Act), effective March 19, 1994. The Privatization Act established policies and procedures regarding the award of contracts to private firms to provide goods and services to or on the behalf of the District government that were previously performed in-house by District government employees.

During the course of the contract, ACS purchased and was reimbursed for 16,500 new electronic single space parking meters. Based on information submitted to the Auditor, the per meter cost for single space meters installed on existing meter posts totaled \$447.00 per meter. The per meter cost for meters installed with new posts totaled \$529.00 per meter.¹³ Additionally, 100 multi-space parking meters were purchased at a cost of \$6,500 per multi-space meter thereby increasing the District’s meter inventory to a combined total of approximately 16,600 single and multi-space meters.¹⁴ Table I below indicates that, of the \$89,022,302 in collected parking meter revenue for FYs 1999 through 2005, the District paid the parking meter contractor approximately \$26,434,192¹⁵ resulting in \$62,588,110 net revenue to the District.

¹³See Bilateral Modification issued by DPW dated November 22, 2002.

¹⁴The meter inventory count of 16,600 includes the following: (1) 15,000 electronic high tech single space meters installed at the inception of the parking meter privatization contract; (2) 1,500 additional high tech single space meters purchased during fiscal year 2003; and (3) 100 multi-space meters purchased under Change Order #2 during fiscal year 2004 for \$685,500. According to DDOT officials, approximately 40 multi-space meters were installed in Georgetown replacing approximately 274 to 300 single space meters; 21 multi-space meters were installed in Adams Morgan; 12 multi-space meters were installed in other locations including at Circulator Bus stops; and the remaining 27 meters will be installed on K Street in NW. Based on the equipment specifications, the multi-space meter has the capacity for 10 to 12 parking spaces, is a solar powered (non-electric) device supported by a new software package (Parkfolio NEO). DDOT will have the capability to see in a real time environment when a meter is down, what the exact problem is and how much revenue the meter is generating independent of the parking meter contractor. These multi-space meters accept cash, credit cards and debit cards unlike single space meters which only have the capability of accepting coins. According to DDOT officials, the multi-space meters feature several control capabilities including preventing individuals from feeding the meters in a rush hour zone and the rejection of payment when the meter is not operational, for example on Sundays.

¹⁵The \$26,434,192 includes all payments made to the parking meter contractor through September 30, 2005.

Table I
Parking Meter Revenue Collections and Payments to Contractor
FYs 1999 through 2005

Fiscal Year	Gross Revenue	Less: Payments to Contractor	Equals: Net Revenue to District
1999	\$9,784,299	\$3,616,794	\$6,176,505
2000	12,208,015	3,410,184	8,797,831
2001	11,721,251	3,269,867	8,451,384
2002	13,997,435	3,901,987	10,095,448
2003	13,943,075	3,839,951	10,103,124
2004	13,714,730	3,896,237	9,818,493
2005	13,653,497	4,499,172	9,154,325
Total	\$89,022,302	\$26,434,192	\$62,588,110

Source: SOAR and DDOT Payment Vouchers

The parking meter services contract was a requirements contract for goods and services based on the achievement of specific parking meter revenue projections. The contract was twice amended to provide for the purchase of additional single and multi-space meters, decals, and other items.

In addition to meter installation, repair, replacement, and oversight of meter revenue collections, ACS provided DDOT with a parking meter information management system. This system included a Ticket Information Management System (TIMS) and Meter Management System (MMS).

TIMS is a comprehensive database and reporting system which is to provide detailed meter management information, including collection projections and reporting, meter outage and repair history. TIMS was also to provide the District with real time meter repair capabilities in order to efficiently handle meter complaints.

MMS, a subsystem of TIMS, was designed to be fully integrated with hand-held data terminals to be provided by the contractor. MMS and the hand-held terminals, for use on meter routes, were to provide the contractor with the capability to transmit parking meter data electronically and provide DDOT with automated data retrieval, including daily revenue auditing capabilities and on-line historical data regarding meter repair history, outage type, route assignments, and preventive maintenance schedules.

Despite the contract and RFP requirement for the contractor to provide hand-held devices equipped with an audit function to record revenue and maintenance information on all parking meters, this contract requirement was never implemented.¹⁶ As a result of ACS's failure to comply with this provision of the contract, DDOT could not independently and accurately verify revenue collected, fully identify meters that were underperforming, or identify variances (increases/decreases) in revenue at different meter locations throughout the District. Instead, this information had to be retrieved by ACS for DDOT's use.

ACS subcontracted the following: (1) meter maintenance and repair to Worldwide Parking; (2) collection of parking meter revenue to Serco; and (3) transport, counting, and deposit of parking meter revenue to Loomis Fargo.¹⁷ (See Appendix I for more detailed information on these subcontractors.)

ACS was required to meet specific performance standards under the contract and to pay liquidated damages to the District government for its failure to achieve certain performance standards including, but not limited to: 1) ensuring 97% of all meters are in service at any given time; 2) providing the District with meter status and revenue information collected directly from meters during each collection; 3) having no incidents of pilferage of revenue during collections process; 4) providing parking meters and accessories that perform as outlined in the contractor's proposal; 5) ensuring meter repairs were performed effectively, with minimal rework; and 6) ensuring that meters reported as inoperative were repaired or replaced within 72 hours of discovery.

Parking Meter Contract Status as of November 2006

The original privatization contract issued by DPW in 1998 ended September 8, 2005. At that time, DDOT officials indicated they were not able to award a new contract for parking meter services because of inadequate advance procurement planning. To continue uninterrupted parking meter services, DDOT issued a 60-day extension of the original contract for the period September 9, 2005 to November 7, 2005, while completing the procurement process for the award of a new long-term contract.

¹⁶See discussion of contractor's failure to provide hand-held devices in Auditor's report entitled "Auditor's Examination of Parking Meter Contract Administration and Financial Management" issued July 7, 2006.

¹⁷See background information on subcontractors presented in the D.C. Auditor's report entitled "Auditor's Examination of Parking Meter Contract Administration and Financial Management" issued July 7, 2006.

Unable to meet the extended deadline, DDOT issued an emergency sole source contract on November 8, 2005, which continued the contract with ACS for an additional 90-days through February 7, 2006. The emergency contract was further extended from February 7, 2006, through August 6, 2006, and from August 7, 2006, through November 23, 2006. (See Appendix II)

FINDINGS

THE PARKING METER PRIVATIZATION EFFORT FAILED TO YIELD THE 5% COST SAVINGS REQUIRED BY LAW. INSTEAD, COSTS WERE APPROXIMATELY \$8.8 MILLION, OR 33%, HIGHER UNDER PRIVATIZATION

The Auditor compared the cost of performing parking meter services in-house to the costs under privatization.¹⁸ The Auditor compared in-house costs for fiscal year 1993 adjusted for inflation to the annual cost incurred under privatization for fiscal years 1999 through 2005.¹⁹ The Auditor's analysis revealed that privatization did not result in the minimum 5% cost savings contemplated by law.²⁰ Instead of yielding a 5% cost savings, overall costs under privatization were approximately \$8,823,447, or 33.4%, higher than estimated District in-house costs.²¹

Table II presents parking meter costs as compared to in-house estimated costs after allowing adjustments for inflationary increases.

¹⁸In the years prior to privatization, DPW contracted out collection services to a private vendor.

¹⁹In-house costs consist of: (1) Personal Services which included compensation and benefits for meter repair personnel, coin counters, security staff involved with meter operation, and management oversight; (2) Non-Personal Services - Contractual (meter collection contract) costs; (3) Non-Personal Services-Other such as maintenance and repair of coin counting machines, and meter replacement parts; (4) and Indirect Costs including central services and departmental overhead costs not directly chargeable to meter operations.

²⁰The Privatization Act required District agencies to demonstrate that outsourcing, over the duration of a privatization contract, would result in a savings of at least 10%, and to prepare a cost-benefit analysis comparing the cost of providing services in-house with the costs associated with privatization. D.C. Law 11-98, entitled "Budget Support Act of 1995," further amended the Procurement Practices Act of 1985 by reducing the percentage of savings to be achieved from privatization from 10% to 5%. D.C. Code, Section 2-301.05B(2) mandates that privatization contracts within the District must result in cost savings of at least 5% over the duration of the contract, in terms of total or the unit cost of providing the goods or services. Additionally, the law requires that all privatization contracts contain specific performance criteria which the contractor is required to adhere to in the provision of the goods and services.

²¹A minimum cost savings requirement should be equal to at least 5%.

TABLE II
Comparison of In-House Costs to Privatization Costs
Fiscal Year 1993 Compared to Fiscal Years 1999 through 2005

	In-House	Privatization							
	FY 1993	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Total Estimated Costs
Total Estimated In-House Cost	\$1,142,000	\$2,338,957	\$2,397,492	\$2,476,796	\$2,513,682	\$2,547,205*	\$2,626,349*	\$2,710,264*	\$17,610,745
Fee Payments to ACS	-0-	3,616,794	3,410,184	3,269,867	3,901,987	3,839,951	3,896,237	4,499,172	\$26,434,192
Difference Between In-House and Contractor Payments	-0-	(1,277,838)	(1,012,691)	(793,071)	(1,388,305)	(1,292,746)	(1,269,888)	(1,788,908)	\$8,823,447
Costs Above the Required 5% savings	N/A	35.3%	29.7%	24.3%	35.6%	33.7%	32.6%	39.8%	33.4%

Source: SOAR, DPW/DDOT Office of the Chief Financial Officer

*In-house estimate after adjusting for inflationary increases.

Table II indicates that the costs of parking meter services under privatization were approximately \$8.8 million more than if performed in-house.

Net Revenue Under In-house Operations Were Higher Than Under Privatization

The Auditor's comparative analysis of net revenue for fiscal year 1993, the optimal year of in-house operations, revealed that the District's operating costs totaled \$1.14 million while revenues totaled \$13.2 million.²² For fiscal year 2003, the optimal year under privatization, contractor payments totaled \$3.8 million while revenues totaled \$13.9 million. (See Appendix III for graph of revenue under in-house operations and privatization for FYs 1991 through 2005.)

²²See Grant Thornton LLP, report entitled "District of Columbia Department of Public Works Transportation Systems Administration, Revenue and Cost Study for Privatization and Enhancement of Parking Meter Operations" dated June 25, 1997.

The Auditor found that each dollar the District spent on parking meter operations in fiscal year 1993 generated \$10.58 of net revenue. By comparison, each dollar spent on parking meter services under privatization in fiscal year 2003, for example, generated approximately \$2.63 of net revenue. This analysis indicates that the District collected more net revenue under in-house operations than under privatization.

Table III presents a comparison of net-revenue under in-house operations (pre-contract) for fiscal year 1993 to net-revenue under privatization for fiscal year 2003.

Table III
Net Revenue Comparison Pre-contract and During Contract Period

	Fiscal Year	Gross Revenues	Cost	Net Revenues	Return on Each Dollar Spent
In-House	1993	\$13,229,000	\$1,142,000	\$12,087,000	\$10.58
Privatization	2003	\$13,943,075	\$3,839,951	\$10,103,124	\$2.63

Source: Grant Thornton LLP Revenue and Cost Study and the District of Columbia Accounting System (SOAR)

RECOMMENDATION

The Director of DDOT request appropriate DDOT and Office of Contracting and Procurement (OCP) staff to timely conduct a cost-benefit analysis as required by D.C. Code §2-301.05(b). Further, the Director should also commission an analysis of the projected cost of performing parking meter services in-house and the cost of continuing to provide the same services under a privatization contract.

ACS FAILED TO MEET PERFORMANCE STANDARDS UNDER THE CONTRACT

The Auditor’s examination of parking meter services revealed instances in which the parking meter contractor failed to achieve applicable performance standards. For example, the Auditor found that the parking meter contractor failed to provide fully functioning hand-held devices equipped with an audit function to record revenue and maintenance information on all parking meters and failed to repair meters within the 72-hour period required by the contract.²³ Additionally, the contractor failed to meet the minimum service and revenue report requirements set forth in Section B.4(5)(d)

²³See D.C. Auditor’s first report on parking meter services entitled “Auditor’s Examination of Parking Meter Contract Administration and Financial Management” issued July 7, 2006.

of the RFP which defines standard reports to be submitted by the contractor throughout the contract period and identifies the frequency of reporting (e.g., daily, weekly, monthly). (See Appendix IV for listing of minimum service and revenue report requirements) Although DDOT officials acknowledged they did not receive or request the reports specified in the contract, they indicated that other reports provided by the contractor were sufficient. The Auditor found that DDOT's contracting officer failed to properly modify relevant contract provisions to reflect changes in the contractor's reporting requirements under the contract.

There were numerous other instances where the parking meter contractor failed to fully comply with performance standards stipulated in the contract. Appendix V provides a comprehensive listing of each performance standard and the Auditor's rating of the contractor's performance.

Flawed Meter Inventory Data Provided by ACS

The Auditor conducted site visits of seven (7) meter routes to verify meter inventory as reported to DDOT by ACS and to assess the overall condition of meters located on those routes. ACS's meter inventory indicated that 1,906 meters were installed on the seven routes. However, the Auditor found only 1,236 meters, or 65%, of the reported 1,906 meters on the seven routes. The remaining 670 meters, or 35%, were missing and could not be accounted for by ACS or DDOT managers.

According to ACS, the meter inventory is fluid. In other words, meters were constantly being removed for construction projects, repair, and relocation based on instructions from DDOT's TSA. However, DDOT TSA officials could not provide complete documentation to substantiate the assertion that meters were removed or relocated based on instructions from DDOT. Notwithstanding, ACS and DDOT officials and accountable program managers should have developed a centralized inventory which, although fluid, established and maintained a concrete record of the exact location, status, and disposition of each and every meter including the missing meters in the Auditor's sample. In the absence of this kind of recordkeeping, DDOT officials could not be certain of the location or value of its entire meter inventory.

Unaccounted For Meters and Their Costs

The Auditor found that DDOT management did not independently establish and maintain their own centralized inventory of all parking meters. As a result, DDOT management had no clue

as to the number of meters in operation, or how many had been removed from service, the revenue implications of these removals, the reason for the removals, or how long the meters had been removed from service. As a consequence, DDOT management could not know the status of the 670 missing meters identified by the Auditor. Further, there was no efficient or effective way of determining whether the meters were retained as salvaged property, used to replace broken meters, or were generating revenue at another location that was not being reported to the District.

Of the 670 missing meters, the Auditor found that approximately 257 meters, or 38%, were missing from Route 213 surrounding the State Department.²⁴ Based on discussions with DDOT representatives, the meters directly surrounding the State Department were removed due to security concerns following the events of September 11, 2001.

The Auditor also found 212 meters, or 31%, missing from the Georgetown area. Of the 212 meters, 132 were missing from M Street and approximately 80 meters were missing from Wisconsin Avenue.²⁵ According to DDOT representatives, the 212 meters were removed from service approximately two-years ago as a result of on-going construction projects related to exploding manhole covers. The Auditor found that many of the meters in Georgetown were removed by construction companies before ACS could retrieve them.²⁶ According to ACS, construction companies removed the meters because the District was not timely removing the meters.²⁷ It is unclear whether all the meters removed by construction companies were ever recovered by ACS or DDOT. The remaining 201 meters, or 30%, were missing from the remaining five (5) routes examined by the Auditor, and their disposition was unknown.

Duplicate Meter Identification Numbers

The Auditor found six meters in the sample that shared the same meter identification number.²⁸ No two meters should have the same meter number. The meter number is the unique identifier that distinguishes one meter from another in that it performs a control and identification

²⁴Approximately 89 of the 257 meters were directly surrounding the State Department building.

²⁵The missing meters were originally located on Route 301 from the 2800 through 3400-block of M Street and on Route 300, Wisconsin Avenue NW.

²⁶According to ACS' contract manager, Flippo and Fort Myer Construction Companies were reported as having picked up District meters.

²⁷See ODCA's interview with ACS's contract manager on June 10, 2005.

²⁸The six meters assigned duplicate meter numbers were located on Routes 104 and 303.

function similar to a serial number. As a result of DDOT’s failure to establish and maintain a centralized meter inventory or to verify and confirm ACS’s meter inventory, these meters were collecting revenue and there was insufficient documentation available to determine whether any revenue from these meters was reported to the District. This finding in our sample indicates the potential existence of other parking meters sharing the same meter identification number and the District’s inability to determine whether all revenue from such meters is reaching the District Treasury. Table IV presents the six meters sharing the same meter identification numbers and their location.

Table IV
Meters Operating with Duplicate Meter Numbers
Fiscal Year 2005

Route Number	Number of Meters with Same Number	Meter Number	Address*
104	2	182413NW	2400 Block 18 th Street, N.W.
104	2	182415NW	2400 Block 18 th Street, N.W.
104	2	182417NW	2400 Block 18 th Street, N.W.
104	2	LAM1610NW	1600 Block Lamont Street, N.W.
303	2	WI2110NW	2100 Block Wisconsin Avenue, N.W.
303	2	WI2112NW	2100 Block Wisconsin Avenue, N.W.

Source: District of Columbia Auditor

* Meter numbers located in same and adjacent blocks.

Parking Meters Examined by the Auditor Had Significant Problems

Section B.4(b)(3)(a) of the parking meter services contract stated: “Inoperative meters are repaired or replaced within three (3) business day of discovery.” Further, B.4 (b)(4)(a) stated: “All District parking meters shall receive preventive maintenance at least once a year; and (b) meters in high traffic areas, as determined by TSA personnel, shall receive preventive maintenance on a more frequent basis.” Despite these contract requirements, the Auditor found numerous maintenance problems with parking meters in the Auditor’s sample.

Of the 1,236 meters examined, the Auditor found approximately 807 meters, or 65%, with problems including multiple stickers defacing the meter head, graffiti, leaning meter poles, poles too low or high, unstable meter heads, and clouded (polluted) domes. The Auditor also found meters jammed with paperclips, chewing gum, and other objects. One hundred ninety-seven (197) meters, or 16%, were completely inoperative, and only 232, or 19%, of the 1,236 meters were working without any apparent problems.

The Auditor also found that approximately 20% of the meters in our sample jammed easily and, if forcefully struck, would malfunction indicating that the meter had a faulty internal electronic mechanism. This finding contradicted the parking meter contractor's representation, at the inception of the contract, that the meters were "highly resistant and tamper proof." Although the meters appeared resistant to theft of coins, they were not highly resistant or tamper proof as represented to the District.

RECOMMENDATIONS

1. DDOT's Director establish an accurate centralized parking meter inventory in order to effectively control, monitor, track, account for, and track all parking meters as well as to: (a) determine the exact meter inventory in the District; (b) appropriately track revenue, status, and disposition of each meter in the inventory; and (c) enable the detection and elimination of duplicate meter numbers.
2. DDOT's Director ensure that required maintenance of all parking meters is timely and regularly performed by ACS according to contract provisions.

OVERALL METER COMPLAINTS INCREASED APPROXIMATELY 903% UNDER THE PRIVATIZATION CONTRACT WITH ACS

Meter complaints reported to the Mayor's call center increased substantially during fiscal years 2004 and 2005. Customer complaints represented the only independent means available to DDOT for evaluating the contractor's performance. However, DDOT accountable managers failed to timely implement an effective monitoring and evaluation system through which it could be promptly informed of the level, nature, and resolution of customer complaints.

Table V presents the number of complaints received between fiscal years 1993 through 1997 when the parking meter program was operated in-house and between fiscal years 2000 through 2006 when it was managed under the privatization contract with ACS.²⁹

Table V
Statistics Showing Meter Complaints In-House and Under Privatization
Fiscal Years 1993 - 1997 to 2000 - 2006

Fiscal Year	Meters in Service During Fiscal Year	Meter Complaints	Annual Variance in Meter Complaints
1993 (In-House)	14,769	3,826	-
1994 (In-House)	14,769	3,402	(12.4%)
1995 (In-House)	14,769	2,665	(27.7%)
1996 (In-House)	11,569	4,183	57%
1997 (In-House)	11,569	3,652	(14.5%)
2000 (Privatization)	15,000	15,375	321%
2001 (Privatization)	15,000	18,177	18.2%
2002 (Privatization)	15,000	17,486	(3.95%)
2004 (Privatization)	16,500	26,251	50.1%
2005 (Privatization)	16,500	89,840	242%
2006 (Privatization)	16,600	46,423	(93.5%)

Source: DDOT and Mayor's Citywide Call Center

*Note DDOT could not provide the Auditor sufficient/complete meter complaint information for FYs 1998, 1999, and 2003

Table V indicates that the number of customer complaints increased substantially under the privatized parking meter program. DDOT officials' access to and evaluation of customer complaint data should have timely informed and directed their actions on such matters as: parking meter durability, meter maintenance, and the promptness of the contractor's resolution of meter complaints. The Auditor found that DDOT management, generally, was uninformed and disengaged from the details and quality of the contractor's performance. Further, the Auditor found no evidence that DDOT management ever investigated the increasing number of meter complaints, objectively evaluated the contractor's performance, or held the contractor accountable for lackluster results.

²⁹Prior to fiscal year 1999, there was no one individual maintaining a parking meter hotline. Instead, consumers used a general number that went directly to the office within DPW responsible for the parking meter program and various specialist recorded complaints.

RECOMMENDATION

DDOT Director immediately investigate increases in meter complaints to determine the cause(s), full impact, and appropriate corrective action. The investigation should allow the Director of DDOT and other accountable District officials, in conjunction with ACS, to develop and timely implement corrective measures to address this growing problem.

PARKING TICKET PATRONS WERE IMPROPERLY FINED \$159,975 WHILE PARKING AT BROKEN METERS

As previously noted, the Auditor found that ACS failed repeatedly to repair meters within the 72-hour period specified in Section B.4(b)(3)(a) of the contract. Despite this, the District issued tickets for overtime or expired meter violations to vehicles parked at meters that were inoperable for more than the 72-hour period. Based on a review of 734,578 parking tickets, the Auditor found that 6,888 tickets, or .9%, totaling \$159,975 were improperly issued to vehicles parked at broken meters. Issuing tickets to vehicles parked at inoperable meters undermines the credibility of the District's parking meter program. Further, it unfairly shifts the costs, impact, and blame of poor contractor performance and District's inept and dysfunctional contract administration to parking patrons rather than ACS and the District government. Moreover, the Auditor found that ACS, which is also the District's parking ticket processing contractor, appears to have a conflict of interest in this area because it collects a fee for processing parking tickets issued on broken meters that it failed to promptly repair. ACS may also collect an additional fee to collect delinquent payments on these same tickets. Table VI presents a breakdown of the parking tickets issued to vehicles parked at broken meters during FYs 2003 through 2005.

TABLE VI
Tickets Improperly Issued to Vehicles Parked at Broken Meters
FYs 2003 - 2005

NUMBER OF TICKETS IMPROPERLY ISSUED	BROKEN METER REPAIR DESCRIPTION	FINE AMOUNT
2,483	Mechanical check ok	\$59,040
1,631	Clear Intentional Coin Jam	36,785
1,378	Replace Battery	32,320
407	Multiple Entry	9,005
386	Processed The Request	8,975
234	Swapped Mechanism	5,450
126	Reset	2,955
111	Preventive Maintenance	2,545
54	Lock Replaced	1,220
51	Clear Coin Jam	1,045
12	Lubricate Lock	280
6	Cancel Outage	140
5	Reprogram Meter	115
3	Can Replace	75
1	Swapped Mechanism	25
6,888		\$159,975

Source: DDOT

RECOMMENDATION

District immediately refund parking fines and any penalties to vehicle owners improperly issued parking tickets while parked at inoperable meters.

ACS WAS INAPPROPRIATELY PAID \$644,952 IN BAGGED METER REVENUE FEES

Bagged meters are defined as meters that have been “bagged” (hoods placed over the meter head) or removed for special events including funerals, parades, inaugurations, or construction projects. Bagged meter revenue consists of fees collected by the District through the permit process from individuals and companies, including construction contractors, to reimburse the District for loss of meter revenue.³⁰

Section B.4(b)4 of the parking meter services contract entitled, Perform Preventive Maintenance, states:

...The contractor shall be compensated exclusively from revenues collected from the [sic] operating parking meters.

Despite the absence of a contract provision authorizing the payment of fees from bagged meter revenues, ACS billed and the District inexplicably paid ACS \$644,952 in fees for bagged meter revenue. Further, in accordance with DCMR Title 27, Chapter 36, Contract Modifications, the contracting officer was required to adhere to the following:

3600.2 A contract modification, including a change issued unilaterally by the District, shall be priced and a government estimate shall be prepared before signature by the parties, unless the interests of the District would be adversely affected. If a significant cost increase could result from a contract modification and time does not permit negotiation of a price, the contracting officer shall negotiate a maximum contract price increase and include that price in the modification.

3600.4 The contracting officer shall not execute a contract modification, including a change order, that causes or will cause an increase in the funding level of the contract without having first obtained a certification of the availability of funds. The certification shall be based on the negotiated price or the negotiated maximum price.

³⁰The term “bagged meter revenue” refers to revenue generated from the use of public space for special events which normally parking meters in those areas would have been used by the public and the District would have generated parking meter revenue. According to a September 19, 2000, DPW document the term “bagged meter” revenue represented “revenues collected through the construction permit process.”

3600.5 A modification to a contract may be executed without having first obtained the certification required under §3600.4 if the modification includes a clause, approved by the Director, which conditions payment upon the availability of funds.

The Auditor found no contract modifications executed by the accountable contracting officer that authorized the payment of fees for bagged meters removed from service due to construction projects or other special events. Table VII presents bagged meter revenue collected by the District and the corresponding amounts the District improperly paid to ACS from FYs 1998 through 2005.

TABLE VII
Payment of Bagged Meter Revenue
FYs 1998 through 2005

Fiscal Year	Bagged Meter Revenue	Bagged Meter Revenue Fee Payments to the Contractor
1998-2000	\$0	\$104,431
2001	227,157	65,876
2002	235,515	58,290
2003	488,428	130,006
2004	572,189	152,126
2005	532,769	134,223
Totals	\$2,056,058	\$644,952

Source: DDOT

The Auditor discussed this matter with the accountable contracting officer who stated that he approved the payment of bagged meter revenue after reviewing several requests submitted by the contractor. The Auditor found that the contracting officer initially denied the contractor’s request for bagged meter revenue fees.³¹ On the third request, ACS obtained the contracting officer’s approval for bagged meter revenue fees totaling \$104,430.83. The contracting officer issued a “final decision” granting approval for the payment of these fees on December 26, 2001, even though the parking meter contract contained no provision or modification authorizing the fees.³² According to DPW’s former contracting officer, the final decision itself constituted a contract modification and

³¹ See DPW letters from Kevin Green, Agency Chief Contracting Officer, to Matthew Silverman, Vice President Municipal Services, Lockheed Martin, IMS, dated May 11, 2001 and June 13, 2001.

³² See DPW letter from Kevin Green to Matthew Silverman, Vice President Municipal Services, Lockheed Martin, IMS dated December 26, 2001, in which the contracting officer’s analysis indicated the District owed additional fees totaling \$104,430.83.

therefore no further action was necessary.³³ Also, OCP's General Counsel stated, in an e-mail to the Auditor, "that a contract modification was not necessary if a contracting officer's final decision included provisions that, in effect, changed the contract terms. The reason is that the contracting officer has the authority to change a contract, and contract changes may be effectuated by the contracting officer, regardless of the specific format or document utilized . . . By analogy, a contracting officer may change a contract by letter or contracting officer's final decision, even if it is not labeled as a contract modification."³⁴

The Auditor, however, did not find in the contracting officer's "final decision" any contract modification pricing. Also, the document was not signed by an authorized ACS representative, as required by DCMR Title 27, Chapter 36. Further, there was no maximum contract price increase stipulated in the "final decision" which, according to the former contracting officer, served as the contract modification. Finally, there was no certification of the availability of funds to support the payment of these fees. As a result, the contracting officer's "final decision" was incomplete and therefore was not sufficient to "effectuate" a contract change or modification regardless of the specific format utilized.

RECOMMENDATION

DDOT Director immediately discontinue the payment of bagged meter revenue fees to ACS until properly justified, priced, and authorized by contract.

PROCESS OF DECOMMISSIONING PARKING METERS NEEDS SIGNIFICANT IMPROVEMENT

Officials in DDOT's TSA indicated that meters can be removed or bagged for special events such as presidential funerals and inaugurations, construction projects, emergencies, and as DDOT's Director determines is necessary due to traffic concerns or needs. DCMR Title 24, 720.1 defines Special Events as:

"those activities held on public space such as parades, cultural programs, musical concerts and community activities."

³³See ODCA's interview with Kevin Green, former DPW Contracting Officer, on February 6, 2006.

³⁴See OCP's written e-mail response to Auditor's request regarding Contracting Officer's Final Decision, dated August 29, 2006.

The regulations cited above represent the only instances in which meters can be decommissioned or “bagged.” According to DDOT representatives the following process should occur for decommissioning meters:

- o organizations, businesses, or individuals contact a Parking Specialist at DDOT with information on the public space they intend to use and the time period;
- o DDOT’s Parking Specialist calculates the cost and prepares a SOAR document information form;
- o representatives from organizations and businesses or individuals take the SOAR document information form to the D.C. Treasury at 941 North Capital Street NE (Public Space Management) and make payment;
- o representatives then submit copies of receipts to DDOT;
- o DDOT prepares and posts “EMERGENCY NO PARKING” signs and notifies the affected MPD precinct and DPW of their action. If warranted, a work order is issued for the removal of meters from the designated public space.

Contrary to this process, the Auditor’s review revealed the following practice:

- o DDOT failed to maintain a log, record, or database of requests to decommission meters for special events on public space;
- o DDOT has no process for monitoring and tracking bagged meter payments to ensure that revenues are collected and accurately accounted for;
- o no coordination existed between DDOT and other District agencies authorized to take meters out of service; and
- o there was no monitoring system in place to ensure the legitimacy of public space use that affected parking meter operations.

The Auditor’s review of available documents on public space usage revealed that there were no guidelines governing the decommissioning of parking meters. For example, although each Parking Specialist was responsible for processing public space usage requests, including tracking bagged meter revenue payments, accountable DDOT managers failed to ensure that each Parking Specialist provided adequate follow-up to ensure the District collected what it was actually owed for decommissioned meters.

The Auditor found that DDOT management's failure to properly track meter decommissioning and removals and to maintain sufficient records of this activity may have unnecessarily resulted in the loss of revenue. For example, at a construction project located in the downtown business district, DDOT authorized the removal of an estimated 20 meters for approximately two years.³⁵ The meters were located in a high parking demand area requiring a meter fee of \$.75 per hour for up to 10 hours per day.³⁶ The Auditor estimated that the District may have lost approximately \$37,575 in meter revenue for the two-year period because of DDOT management's failure to properly track meter removal and to monitor bagged meter revenue fee collections. This failure in management and the poor monitoring and record keeping practices of DDOT personnel indicates there are other construction projects for which the District was not reimbursed the loss of revenue from parking meters removed from service.

Inadequate Coordination and Ineffective Regulation of the Issuance and Use of Emergency No Parking Signs

The Auditor found a significant problem with individuals, organizations, and businesses circumventing the District's process for issuing "Emergency No Parking" signs and compensating the District for the use of public parking spaces or the loss of meter revenue. The Auditor found a pervasive practice of individuals, organizations, and businesses purchasing "Emergency No Parking" signs from hardware stores and posting them to prohibit parking for long and short periods of time. Although these signs falsely state that parking is restricted "By Order of the Metropolitan Police Department" they are not official District government signs and were not officially issued by an authorized agency of the District government. Nevertheless, DDOT and DPW officials have long known of this irregularity and by their longstanding inaction have permitted the disruption of the District's parking meter revenue stream and residential parking privileges.

The Auditor purchased a sign similar to the "Emergency No Parking" sign used by DDOT, MPD, and others, from a hardware store for under \$1. (See Appendix V for an imaged copy of the Emergency No Parking Sign) The Auditor found that DDOT management failed to develop distinctive official Emergency No Parking signage imprinted with appropriate security features that

³⁵The project was located in the 1400 blocks of P and Church Streets, N.W. Meter hours of operations were Monday through Friday: 8:00 a.m. to 6:00 p.m. (10 hours per day at a cost of \$0.75¢ per hour). The number of business days used totaled 501 days.

³⁶According to information provided by DDOT meter zones are classified as premium, high, normal, and low. The corresponding rates for meters located in the zones are: \$1.00 per hour in a premium demand zone; \$.75¢ per hour in a high demand zone; \$.50¢ per hour in a normal demand zone; and \$.25¢ per hour for meters located in a low demand area.

drastically improves regulation, tracking, and monitoring of this activity. Until vast improvements are made, the District has no way of determining how much revenue is lost from abuses related to the posting of unofficial “Emergency No Parking” signs; how many signs are posted illegally; or even the duration of the no parking restrictions.

RECOMMENDATIONS

1. The Director of DDOT immediately establish and implement effective policy and procedures governing the decommissioning and bagging of meters. Adherence to the policy and procedures should allow accountable DDOT managers to know exactly which meters have been removed, for what time period, how much revenue has been collected, and identify any outstanding balance due the District.
2. DDOT’s Director must ensure that only “NO PARKING” signs officially issued by a specifically designated and accountable District government agency are being used throughout the District, and that appropriate sanctions are established and enforced for the illegal posting of “NO PARKING” signs in the District.
3. DDOT Director determine the exact amount of money owed by companies who had meters removed but failed to reimburse the District.

DISTRICT LOST \$3.8 MILLION IN REVENUE FROM METERS REMOVED AT LOCATIONS AROUND FEDERAL AGENCIES

The Auditor found that parking meters located around federal buildings were removed by DDOT, at the request of Federal agencies, without any type of agreement between the District and Federal government regarding reimbursement for lost meter revenue. The Federal government has not reimbursed the District for lost meter revenue that would have been generated by the removed meters.

An analysis prepared by DPW’s former manager for Parking Management during FYs 2000 and 2001 entitled, “Federally Occupied Buildings,” estimated that 2,278 meters were removed from around federal buildings with a corresponding revenue loss totaling \$3,830,999.³⁷ However, DDOT and DPW officials were not able to provide the Auditor with any detailed data to support this revenue loss.

³⁷Based on discussion with DDOT officials, the Federally Occupied Buildings analysis was prepared by DPW’s former Manager for Parking Management during FYs 2000 and 2001.

Based on documents provided by DDOT, the Auditor found that only one federal agency, the Bureau of Alcohol, Tobacco and Firearms (ATF), had reimbursed the District for revenue lost from the removal of meters. ATF paid the District a total of \$73,098 to compensate for lost meter revenue due to removal of parking meters surrounding ATF's headquarters. The Auditor's review revealed that DPW/DDOT and ATF entered into two agreements to reimburse the District for lost parking meter revenue: a \$32,688 reimbursement for fiscal year 2002; and a \$40,410 reimbursement for fiscal year 2005. DDOT has collected both payments from ATF.³⁸

District Lost Additional Revenue Estimated at \$120,049 From Meters Removed From Service to Facilitate the 2001 and 2005 Presidential Inaugural Activities

The Auditor found that the District lost meter revenue from the removal of parking meters during the 2001 and 2005 presidential inaugurations. The parking meter contractor estimated that the District lost \$21,092 in meter revenue during the 2001 presidential inauguration.³⁹ Additionally, during the 2005 presidential inauguration, the District estimated revenue losses totaling \$98,956.50 for 7,245 parking meters removed from service for a 78-day period effective October 4, 2004 through January 28, 2005.⁴⁰ According to DDOT officials, the District has not been reimbursed any portion of the lost meter revenue related to either presidential inauguration.

RECOMMENDATION

The Director of DDOT immediately determine the number of meters removed from Federal building sites and for temporary federal events and negotiate agreements, where feasible, with the Federal government for reimbursement of lost meter revenue.

³⁸DDOT provided draft MOU documents between the District and the Environmental Protection Agency and the US Coast Guard. However, these documents were not finalized and established as firm agreements as of the date of this report.

³⁹See September 18, 2001, letter from Matthew Silverman, Vice president Municipal Services -Affiliated Computer Services to Gwen Mitchell -Parking Services Administration D.C. Department of Public Works.

⁴⁰See February 22, 2005, letter from Edward D. Reiskin, Deputy Mayor for Public Safety and Justice to Deborah K. Nichols, District of Columbia Auditor.

DDOT ACCOUNTABLE MANAGERS FAILED TO TIMELY HIRE A CONTRACT MONITOR AND ASSIGN APPROPRIATE RESOURCES TO CONTRACT MONITORING

During fiscal year 2001, DPW was granted budget authority and provided funding to hire a contract monitor to oversee the operations of the parking meter privatization contract.⁴¹ According to DPW management, the position was advertised on three occasions, each of which failed to identify a qualified candidate. Under the first advertisement to fill the contract monitor position, no candidates were certified as eligible by the District Office of Personnel. On the second advertisement, one individual was certified, but not selected by DPW management. Under the third advertisement, no candidates were certified as qualified. As a result of the failure to fill the contract monitor position, DPW designated a parking specialist to perform the duties and responsibilities of the contract monitor. Although the employee designated to perform these duties may have been familiar with the operations of the parking meter program, they did not possess the requisite training, skills, and experience necessary to provide effective contract monitoring of the parking meter privatization services contract.

After the parking meter contract was transferred to DDOT in fiscal year 2002, a Contracting Officers Technical Representative (COTR) position was not permanently filled until March 2005, nearly four years after DPW was first granted budget authority for a contract monitor position. Prior to this, DDOT allowed other employees to serve as the COTR for brief periods and DDOT failed to effectively use dedicated funds for this monitoring purpose. Again, the Auditor notes that while these individuals may have had some knowledge of parking meter operations, they were not qualified to serve as COTRs. Consequently, the District's monitoring and oversight of the parking meter contract was severely deficient.

DPW/DDOT's failure to hire a contract monitor and implement an effective monitoring and evaluation system for this contract had significant adverse financial performance consequences to the District. For example, on November 22, 2002, the District purchased an additional 1,500 parking meters from ACS. According to the bilateral contract modification:

the contractor shall be reimbursed for the costs of the additional meters from additional revenue that shall be collected in the first year after installation is completed. It is estimated that the Contractor will be compensated within 6.34 months after completion of the installation based on projected increase in revenue.

⁴¹See letter dated March 14, 2003 from Councilmember Carol Schwartz, Chairperson Committee on Public Works and the Environment, reference to FY 2001 funding approval for a contract monitor with the Department of Public Works' Division of Transportation.

If, however, the revenues fall below projections, the District has the option of extending the payment time, however, all payment will be completed in a year.

The Auditor was not provided any documentation to demonstrate that projections for revenue from the new meters were ever developed. The Auditor found, however, that the contractor began billing immediately for meter installation and was paid by the District despite the absence of any documentation validating revenue projections were realized.⁴²

Despite the noted issues and, in most cases, DDOT's knowledge of the issues, management authorized contractor payments. As a result, the District may have been paying based on revenues that had not been realized. The ability to delay payment for a year was included in the contract to ensure that the capital investment in meters could be recouped by revenue generated by those meters. If a qualified contract monitor had been in place, these payments should not have been made until a determination that revenue projections from these parking meters had been achieved.

RECOMMENDATION

The Director of DDOT ensure that the position of contract monitor for parking meter privatization remains filled thereby dedicating some resources to contract monitoring.

CONCLUSION

The Auditor found that privatization of parking meter services during fiscal years 1999 through 2005 did not result in the minimum 5% cost savings required by the Procurement Practices Act of 1985, as amended. Based on the Auditor's analysis, the costs of parking meter services were significantly higher under privatization as compared to cost estimates of providing these services in-house, after adjusting for inflationary increases. In fact, comparison of in-house cost estimates to those under privatization indicated that the costs under privatization were approximately \$8,823,447, or 33.4%, higher than they would have been had this function continued to be provided by District employees in-house during fiscal years 1999 through 2005. The Auditor's analysis also found that each dollar the District spent on parking meter operations in fiscal year 1993 generated \$10.58 of net revenue, however, each dollar spent in fiscal year 2003 under the privatization contract generated only approximately \$2.63 of net revenue.

The Auditor also found that meter inventory data provided by the contractor was flawed and many meters were defaced, poorly maintained, or inoperable. ACS' meter inventory indicated that 1,906 meters were installed on the seven routes. However, the Auditor found only 1,236 meters, or

⁴²The contractor billed DDOT on a six-month payment plan for all meters purchased.

65%, of the reported 1,906 meters on the seven routes evaluated by the Auditor. The remaining 670 meters, or 35%, were missing and could not be accounted for by ACS or DDOT. Of the 1,236 meters examined by the Auditor, 807, or 65%, had problems including multiple stickers defacing the meters, graffiti, leaning meter poles, poles too low or high, unstable meter heads, and clouded (polluted) domes. One hundred ninety-seven (197) meters, or 16%, were completely inoperative. The Auditor's review found only 232, or 19%, of the 1,236 meters working without any apparent problems.

Parking meters are valuable revenue generating tools and thus should be recorded in the District's and/or DDOT's inventory data system, and assigned unique serial numbers for identification, control, tracking and accountability purposes. The Auditor further found that accountable DDOT managers and staff failed to independently establish and maintain a centralized meter inventory database. As a result, DDOT management was not able to identify, control, and track the location and number of meters placed in service or those meters that had been removed, for what reason, or for how long. As a result, DDOT management could not document the status of the 670 missing meters in the Auditor's sample. As a result, DDOT did not know which specific meters by serial number had been placed in service or which meters by serial number were removed from service at any given point in time. As a result of the lack of an effective centralized inventory system and a lax system of control over and accountability for these assets, DDOT management could not accurately develop a realistic revenue collection estimate or calculate revenue losses to the District from meters removed from service. For example, the Auditor found six meters bearing duplicate meter numbers that were placed in operation and collecting revenue, however, the Auditor was unable to determine whether all revenue from these meters ever reached the District's treasury.

The Auditor found that although ACS failed repeatedly to repair parking meters within the 72-hour period specified in the privatization contract, the District continued issuing tickets for overtime or expired meter violations to vehicles parked at meters that were at the time inoperable for more than the 72-hour period. Based on an examination of 734,578 parking tickets, the Auditor found 6,888 tickets, or .9%, improperly issued to vehicles parked at broken meters that had not been repaired within the 72-hour period. The fines for these 6,888 tickets totaled \$159,975. Issuing tickets to vehicles parked at inoperable parking meters undermines the credibility of the District's parking meter program and unfairly shifts the cost, impact, and liability for poor contractor performance and inept contract administration and management to parking patrons rather than ACS and the District government.

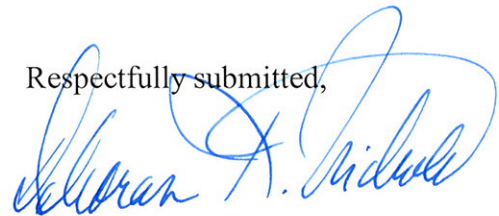
The Auditor further found that ACS was inappropriately paid bagged meter revenue fees despite the absence of a contract provision or an approved contract modification authorizing the payment of these fees. Although Section B.4(b)4 of the parking meter services contract stated that "...The contractor shall be compensated exclusively from revenues collected from the [sic] operating parking meters," the Auditor found that ACS billed and the District improperly paid \$644,952 in fees to ACS for bagged meter revenue collected during fiscal years 1998 through 2005.

The Auditor found that the process of decommissioning parking meters needs immediate improvement, and also found significant problems with individuals, organizations, and businesses unilaterally posting unofficial "Emergency No Parking" signs that improperly prohibited parking at meters thus affecting the District's parking revenue stream and disrupting parking in District neighborhoods sometimes unnecessarily for long periods of time.

The Auditor found that parking meters located around federal buildings were often removed by DDOT at the request of a Federal agency without any type of agreement between the District government and the Federal government for reimbursement of revenue losses resulting from removal of meters. According to an analysis entitled "Federally Occupied Buildings," an estimated 2,278 meters were removed around federal building sites with a corresponding revenue loss totaling \$3,830,999. The Auditor further found that the District lost approximately \$120,048 in meter revenue from the removal/bagging of parking meters during the 2001 and 2005 Presidential Inaugurations.

Although, the Auditor found that DDOT's oversight and monitoring improved during the last 12 months on the 7-year contract, improvements are still needed. Specifically, for the current parking meter contract, DDOT must ensure that effective and beneficial contract standards are in place and enforced; effective contract monitoring and oversight are adequately implemented and maintained; and DDOT's ability to monitor, control, track, and account for the District's parking and track meter inventory is substantially improved.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor

APPENDICES

Parking Meter Subcontractors

Subcontractor	Services Provided
Worldwide Parking Inc.	Responsible for maintenance and repairs of District parking meters. Worldwide Parking, Inc., was also responsible for the installation and removal parking meters in addition for investigating complaints received through the District's meter complaint hotline.
Serco Services, Inc. (formerly JL Associates, Inc.)	Responsible for the collection of all District parking meter revenue from approximately 16,500 parking meters. The District's parking meters are grouped into different collection routes based on geographical location. Serco is responsible for collection of approximately 79 collection routes. Meter revenue is collected daily on high meter routes and every other day for other routes. Serco collects coin canisters from individual parking meters and delivers the canisters to the parking meter contractor's warehouse where they are weighed and readied for pickup by Loomis Fargo. Serco has a staff of 10 consisting of a supervisor and three (3) teams of three collectors dedicated to the performance of duties under this contract.
Loomis Fargo	Armored vehicle company responsible for transporting, counting, and depositing parking meter revenue Monday through Friday. LFC picks up meter revenue from the ACS warehouse, transports it to a secured counting facility where it counts and records meter revenue. After completing the count, LFC prepares deposit slips and deposits the funds by the close of business or the next business day in the District's account at Independence Federal. LFC provides documentation to ACS on revenue and verification of the deposited funds.

Source: Contract information provided by ACS

Parking Meter Privatization Contract Analysis

Contract Action	Date	Amount	Description
Base Amount OMS-6120- AA-CW/KH	2/9/98 through 9/8/05	\$24,991,000	Contractor to furnish all management, supervision, personnel, equipment, materials and supplies to replace all existing designated parking meters and parking meter spaces with Duncan Industries, Eagle 2000 electronic parking meters and where poles are missing, install meter posts. Additionally, the contractor was responsible for all preventative and corrective (repair) maintenance and the collection, counting, and transport of all parking meter revenue to all locations specified in the RFP. The Contractor shall assume overall responsibility for project management and coordination of activities including planning and direction of all subcontractor efforts and establishing/maintaining project schedules.
Initial Contract Price		\$24,991,000	
Bilateral Modification	11/22/02	735,376 ⁴³	Provided for the option to purchase, install and maintain an additional 1,500 parking meters at locations selected by the District. Contractor was to be compensated \$447 per meter for meters on existing posts and \$529 for meters installed with posts.
Change Order 2	8/30/04	994,915	Contractor to acquire, install and maintain 100 multi-space meters with solar power and modems, spare parts kit, tickets, and payment of monthly fees including installation, and online corresponding equipment, software and deals. Acquire and install replacement decals, develop a software solution to import meter outage information; and administer a Smart Card pilot program in Buzzard Point.
Sub-Total		\$26,721,291	
Bilateral Modification Change Order No. 3	09/01/05 through 11/7/05	950,000	To extend the period of performance from September 9, 2005 through November 7, 2005 (60 days) for Parking Meter Contract No: OMS-6120-AA-CW/KH.
Total		\$27,671,291	

Source: Conversion and Management of Parking Meters Contract, and Contract Modifications 1 and 2.

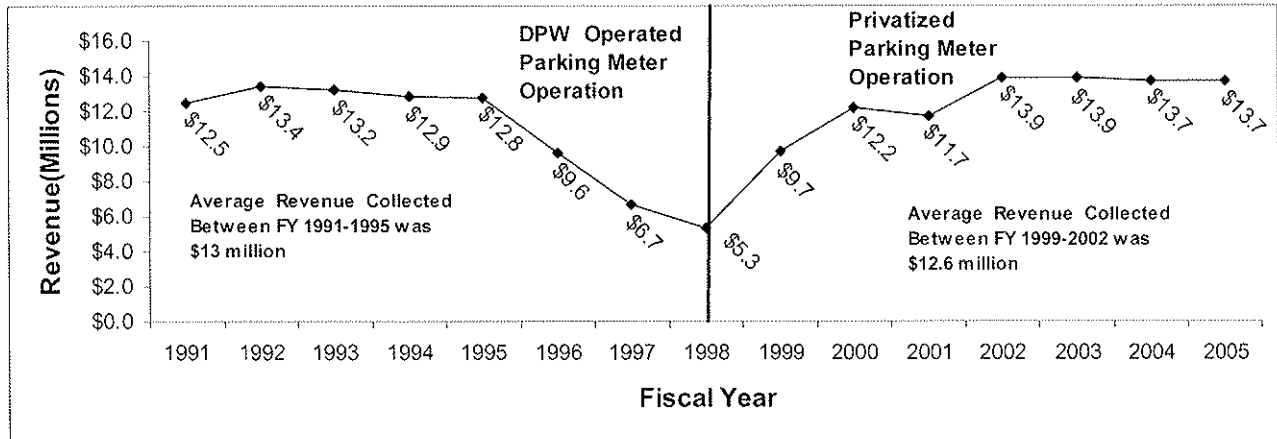
⁴³The \$735,376 represents actual meter installations per the contractor's invoices for the period March 2003 through January 2004. Of the 1,500 meters installed, 770 were installed with posts and 730 were installed without posts.

Emergency Sole Source Parking Meter Contract

Emergency Sole Source Contract No. POKA-2005-R-0050-CB	11/8/05 through 2/7/06 for 90 days	\$950,000	To extend the performance of the original contract from November 8, 2005 through February 7, 2006 (90 days) while a new long-term contract was being drafted and advertised. The Contractor shall be responsible for project management and coordination of activities including planning and direction of all subcontractor efforts and establishing and maintaining project schedules of approximately 17,000 metered spaces on District streets. The District currently has eighty (80) routes, on which these metered spaces are deployed, each with a separate key. The contractor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all tasks necessary to provide the services as defined under this contract. The contractor shall maintain a plan for the parking meters, ensuring that 97% of meters are in-service at any given time.
Bilateral Modification No. 1 Extension of the Sole Source Parking Meter Contract	2/7/06 through 8/6/06 for 180 days	\$1,300,000	To extend the performance period of the original Emergency Sole Source contract from February 7, 2006 through August 6, 2006. All contractor duties and responsibilities for the maintenance, collection, counting, transporting, and contract administration of parking meters was to remain the same as in the original emergency sole source contract. According to OCP and DDOT documentation the six-month extension would allow OCP to complete the evaluation of proposals and responses to the solicitation issued by OCP for the new long-term parking meter contract.
Total		\$2,250,000	
New Requirements Parking Meter Contract POKA-2006-C-0091-KH	8/7/06 through 11/23/06 for 82 days	\$990,000	A requirements contract with payment based on a percentage of revenue to procure parking meter management services for a period of eighty-two (82) days provided under Contract No. POKA-2006-C-0091-KH. The contractor shall be responsible for project management and coordination of activities and maintaining project schedules of approximately 17,000 metered spaces on District streets. The District currently has eighty (80) routes, on which these metered spaces are deployed, each with a separate key. The Contractor shall be responsible for the professional quality, technical accuracy, timely completion, and the coordination of all tasks necessary to provide the services defined under this contract. The Contractor shall maintain the parking meters, ensuring that 97% of the meters are in service at any given time.
Total		\$990,000	

Source: New Requirement Parking Meter Contract No. POKA-2006-C-0091-KH dated August 7, 2006.

Graph 1
Revenue Under In-House Operations and Privatization
For FYs 1991 through 2005



Source: SOAR, Revenue and Cost Study for Privatization Enhancement of Parking Operations, Grant Thornton, LLP, June 25, 1997

Minimum Service and Revenue Report Requirements*

Report	Required Frequency	Collected by DDOT	Required Info	Comments
Meter Revenue Report	Daily	No	list of meter collections by meter and collection route	DDOT receives a daily recap report that shows collections by route only.
Meter Outage Report	Daily	No	listing of all reported meter outages by maintenance route	DDOT receives a meter history report upon request.
Meter Repair Activity Report	Biweekly	No	listing of repairs by type, meter, number, and maintenance route	DDOT receives a meter history report upon request and receives monthly meter outage reports to calculate meter operability.
Meter Inventory Report	Monthly	No	listing of the operative status of meters by street, block, and collection route. Report lists number of bagged meters, not-in-service meters, removed meters and numbers of meters with a total for each category.	DDOT does have an inventory database; however, a report to this level of detail is not generated or submitted to DDOT.
Meter revenue Report	Monthly	No	list of meter collections by route. Must include the number of meters and the number of collections in each route, the dollar amount of collections for the same month in previous years, the dollar amount of collection in reporting month, the percent change from year to year, the average revenue per meter for the reporting month and year to date dollar amount of collections.	Not submitted to DDOT
Meter revenue projection report	Monthly	No	comparison of collections to projections. This report shall include, by collection route, the projected collection amount based on the same time period in the previous year, the amount collected in the reporting month and the percentage difference between projected and collected.	Projections maintained in TIMS system do not reflect actual projections made by the contractor and are unreliable per ACS because they do not account for changes in meter inventory.
Meter Activity Report	Monthly	No	list by meter number and maintenance route, of the operative time for each meter in each route, and the monetary collection per day	Some of this information is available in TIMS, however, no formal report submitted to DDOT.
Parking Trends Report	Quarterly	No	includes under performing meter collections, collection routes, and parking zones	Not submitted to DDOT

Source: Request for Proposal for Parking Meter Services

*Excludes Weekends and Holidays

Analysis of Performance Standards

Performance Measure	Complied With	Failed to Comply	Cannot be determined	Findings
Standard 1: Provide Parking Meter Equipment				
Complaints by motorist about meter ease of use or readability of instructions are less than 50 during any given year of this contract;			√	DDOT has a hotline for reporting meter complaints, however, DDOT does not collect record data regarding the nature of complaints of motorist outside of those defined for the TIMS system.
Parking meters are durable and dependable enough so that the requirement for 97% of all meters are to be in service at any given time is met;		√		The Auditor found that the formula used by the parking meter contractor to determine compliance with the 97% performance requirement was flawed resulting in the exclusion of meters which were inoperable from the calculation (see Auditor's Examination of Parking Meter Contract Administration and Financial Management, dated June 7, 2006,
Coin boxes/cartridges are not replaced due to damage during the term of the contract;		√		The Auditor identified many repair requests in TIMS resulting from damaged coin boxes. Further, DDOT had not received any security reports from the contractor prior to fiscal year 2003.
The District receives meter status and revenue information collected directly from the meter during each collection;		√		No meter status and revenue reports submitted to DDOT. Further, Contractor unable to supply DDOT staff with reports directly from individual meters regarding the revenue collections.
No incidents of pilferage of revenue during collections process;			√	The Auditor was provided several formal security reports by the contractor regarding security problems. There are no reports pertaining to security that are submitted to DDOT by the contractor on an ongoing basis.
Parking meters may be programmed to lock out motorist during rush hours and other designated periods;			√	The Auditor could not make a determination regarding the contractor's compliance due to insufficient data.

Installed parking meters and accessories perform or demonstrate each of the capabilities attributed to it in the proposal, as advertised; and		√		The Auditor identified significant functionality issues with meters that resulted in the lack of compliance with requirements as advertised, under Section B.4 of the RFP. For example, meters take foreign coins, coin entrance slots are often jammed, and hand-held data terminals do not record all revenue audit and meter maintenance data.
Parking meters are delivered according to the agreed upon schedule			√	DDOT failed to provide the Auditor with a schedule for parking meter delivery although DPW/DDOT were billed for 16,500 electronic meters and 100 multi-space meters.
Standard 2: Remove, Install, and Maintain Parking Meters				
All metered parking spaces in the District have had existing equipment replaced with new equipment in the first year of the contract, at a rate of not less than 25% of meters replaced per quarter;			√	DOT failed to provide the Auditor with a schedule for parking meter delivery. Additionally, the Auditor found that the integrity of the information maintained in the meter inventory is questionable.
After initial replacement of meter stock, all newly designed metered parking spaces have meters and posts installed within 72 hours of written request by the Contracting Officer or designee;		√		The Auditor reviewed work order requests for fiscal years 2001-2005 and identified many occurrences where the contractor failed to adhere to the 72-hour meter installation requirement.
Meters reported as inoperative are repaired or replaced within 72 hours of discovery;		√		The Auditor reviewed on-line repair data maintained in TIMS and found many occurrences where the contractor failed to adhere to the 72-hour repair standard.
Rate and time conversions are performed for all affected meters within 72 hours of conversion assignment;		√		The Auditor examined work order requests submitted to the contractor by DDOF personnel and found that contractor failed to adhere to this standard on numerous occasions.
Coins collected during maintenance are properly controlled, as verified by security surveillance;	√			Contractor provided DDOT with surveillance reports to verify this performance standard.
There is an established schedule preventive maintenance for all District meters;		√		The Auditor was not provided with an established preventive maintenance schedule for parking meters during the audit period.

The contractor can provide information and reporting, within 24 hours of request, which will allow the District to validate the performance measures in this section; and		√		The contractor's information systems do not contain all the necessary data to allow for immediate information that would result in the validation of all performance measures identified in the RFP.
Ninety-seven percent of meters are in service at any given time.			√	Daily statistics on meter status and other data contained in the information systems maintained by contractor do not provide conclusive and reliable information to measure this performance standard.
Standard 3: Collect and Account for Meter Revenues				
Meter revenues are collected before meters are overloaded with coins;	√			Contractor has established a collection schedule.
Meter revenue audit data collected and counted reconciles with revenue data collected from the meters;		√		Contractor failed to use audit function in the system, therefore, individual meter revenue is not collected and recorded.
Inoperative meters are reported by collections personnel.			√	Documentation suggests partial compliance with this standard.
Surveillance or spot checks verify that collections personnel are properly uniform and wearing identification;			√	Contractor failed to provide DOT personnel surveillance reports prior to fiscal year 2003.
Collected coin revenue is deposited with the Office of Finance and Treasury within the same day or by the next business day;	√			The only instances of noncompliance with this standard were due to inclement weather.
A Office of Treasury audit of the parking meter program results in no financial management or reporting problems;			√	The Office of Finance and Treasury has never conducted an audit of the parking meter program.
Revenue trends are analyzed and reported on a monthly basis;		√		The contractor does provide daily revenue collections with invoices, however, there was no analysis of trends submitted to DDOT throughout the contract period.
No incidents of parking meter access by unauthorized collections personnel;			√	The contractor failed to provide DOT with any security reports prior to fiscal year 2003.
Minimal incidents of assault or robbery on collections personnel;			√	The contractor failed to provide DOT with any security reports prior to fiscal year 2003.

No incidents of lost parking meter keys;			√	The contractor failed to provide DOT with any security reports prior to fiscal year 2003.
No incidents of revenue loss: (a) between collection and counting operations, and (b) between counting operation and Office of Finance and Treasury; and			√	The contractor failed to provide DOT with any security reports prior to fiscal year 2003.
The contractor can provide information and reporting within 24 hours of request, which will allow the District to validate performance measures in this section.		√		Pertinent data to verify performance standards, such as the revenue audit data, is not collected and maintained by the contractor.

Source: TIMS, Contractor Invoices, and DDOT internal documentation

EMERGENCY NO PARKING

TIME _____

DATE _____

UNTIL

TIME _____

DATE _____

BY ORDER OF THE METROPOLITAN POLICE DEPARTMENT

FRAGERS HARDWARE
1115 Pennsylvania Avenue, S.E.
Washington, D.C. 20003
543-6157

AGENCY COMMENTS

AGENCY COMMENTS

On December 28, 2006, the District of Columbia Auditor (Auditor) submitted this report in draft to the Director of the District of Columbia Department of Transportation (DDOT), and the Director of the District of Columbia Department of Public Works (DPW) for review and comment.

DDOT's written comments to draft report were due by Thursday, January 18, 2007. Additionally, DDOT was provided the opportunity to discuss the findings and recommendations, of the draft report, in a formal exit conference by Tuesday, January 16, 2007. DDOT did not provide written comments nor did they request an exit conference by the required deadlines.⁴⁴ Subsequent to the deadlines, DDOT's Acting Director contacted the Auditor to request a meeting and an extension to submit written comments. In response to the Acting Director's request, the Auditor scheduled a meeting for Tuesday, January 23, 2007, and extended the period for DDOT to submit written comments to Wednesday, January 24, 2007.

Written comments were received from the Acting Director of DDOT on February 5, 2007, eight days after the extended comment period due date. Overall, the Auditor made no material changes to the report based on the comments received from DDOT. The Director of the Department of Public Works did not provide any comments to the draft report. All written comments received by the Auditor are appended in their entirety to this final report.

⁴⁴See the District of Columbia Auditor letter dated January 29, 2007, to Emeka C. Moneme, Interim Director, District's Department of Transportation.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DISTRICT DEPARTMENT OF TRANSPORTATION



OFFICE OF THE DIRECTOR

FEB 5 2007

Ms. Deborah K. Nichols, Esq.
District of Columbia Auditor
Office of the District of Columbia Auditor
717 14th Street, NW, Suite 900
Washington, DC 20005

Dear Ms. Nichols,

Thank you for the time and effort that you and your staff dedicated to examining the privatization, managerial and operational condition of the Parking Meter Program within the District Department of Transportation (DDOT). Although I would like to still speak with you to gain a better understanding of the assumptions, analysis and conclusions described in the report, a number of your findings have provided DDOT with guidance to assist the department in achieving our overall goal of making the parking meter program a world class operation.

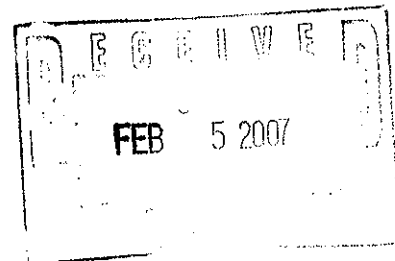
Many of the findings and recommendations either have been or will be addressed in the new Parking Meter Contract which was awarded in October 2006. As you know, the new contract was developed as a long term solution to meet specific deficiencies and your previous report assisted us in identifying those areas. Additionally, the RFP was developed with emphasis on the areas outlined and with extensive input from the Office of the Attorney General during the review of the procurement process.

The enclosed document, "Responses to the District of Columbia Auditor's Draft Letter Report" explains our program goals and how we have addressed the recommendations you outlined.

If you have any questions, please call me at 202-673-6813, Soumya Dey, Interim Associate Director for Traffic Services Administration, or Robert L. Marsili, Jr., Citywide Program Manager, at 202-671-2832.

Sincerely,


Emeka Moneme
Acting Director



Proposed talking points for the response to the auditor

Responses to the District of Columbia Auditor's Draft Letter Report: *Auditor's Examination of Privatization of Parking Meters Operations and Contractor's Performance Billing Under Parking Meter Services Contract*

BACKGROUND

The decision to privatize the parking meter maintenance and collection functions was a result of a number of concerns relating to funding, staffing, and oversight of the program. The District did not have the capital necessary to replace all of the meters and install thousands of new meters, let alone service and maintain the meters in place at the time.

Parking meter revenue declined precipitously in the mid-1990's as shown in the chart below, which lists actual meter revenue by fiscal year as reported by the District Department of Transportation, including the first full year of privatization.

District of Columbia Meter Revenue		
FY	Revenue	Change from Prior Year
1985	\$8,891,563	
1986	\$9,390,400	5.6%
1987	\$9,717,208	3.5%
1988	\$10,507,811	8.1%
1989	\$10,471,775	-0.3%
1990	\$11,080,112	5.8%
1991	\$12,325,184	11.2%
1992	\$13,164,140	6.8%
1993	\$13,015,764	-1.1%
1994	\$12,818,822	-1.5%
1995	\$12,687,209	-1.0%
1996	\$9,497,322	-25.1%
1997	\$5,507,590	-42.0%
1998	\$6,634,937	20.5%
1999	\$12,592,669	No Sat. Meters 89.8%

Any net revenue calculations for in-house services should include the prevailing rate of revenue and collections prior to privatization. Using the data from Table 1 on page 4 of the audit report, the actual net revenue to the District after payment to the Contractor over the seven year period is \$62,588,110. Table 1 assumes that the District would have received the same gross revenue levels that it realized under privatization. This is not valid for this comparison since these

DRAFT Auditor's Report Response

revenue levels would not have occurred had the capital of expense replacing/augmenting the parking meter and had new security, staffing, and maintenance procedures not been in place. Without privatization, using the 1997 revenue figures over the same seven year period, the net revenue would have been \$38,553,130 at most. It more likely would have continued to decline. The actual net revenue the District received exceeds the revenue projection without privatization by \$24 million.

The Parking Meter Management System (PMMS) that was installed for this contract not only replaced the hand-written recording and security systems used prior to the contract, it also allowed a real-time, direct interface to the parking ticket system. An automated process for checking the meter status for adjudication requests was installed by the Contractor at no cost to the District and has vastly improved the repair timeliness and customer service aspects of this important component of the program.

Handheld devices were in fact provided during this contract and are still in use for maintenance on a daily basis. When the new meter mechanisms were installed in 1998 the revenue audit function for each mechanism did not properly interface with the handheld and the audit component was not implemented. New handheld units that are fully compatible with the meter mechanisms are currently being configured and will be deployed shortly, allowing DDOT to perform critical oversight and audit functions associated with this contract.

Do we think we can do better? Absolutely. Previous audit recommendations, as well as internal management reviews already have identified a number of areas that would benefit from technology improvements realized over the past decade since the original RFP was let. Most of these were included in the new RFP, which has resulted in the approval by the Council of a contract that will provide full oversight and independent audit functionality for DDOT, improved customer service, and enhanced revenues to the District. This new contract is in implementation and evaluation of the service and oversight benefits will be conducted during the first year of the contract, with third-party independent annual audits and routine performance monitoring by DDOT over the life of the contract.

THE PARKING METER PRIVATIZATION EFFORT FAILED TO YIELD THE 5% COST SAVINGS REQUIRED BY LAW AND COSTS WERE APPROXIMATELY \$8.8 MILLION OR 33% HIGHER UNDER PRIVATIZATION

The financial determination of the cost savings in the auditor's report would benefit from further clarification. It appears that all of the costs associated with installing new meters across the District and for providing the new services required under the contract were included in the costs for the Contractor but not for the in-house costs. Migrating to an automated system to replace the hand-written records and processes represented a significant investment that the District was not able to provide in the late-1990's.

Additionally, District program staffing levels at the time of the conversion were deemed insufficient to properly maintain even the 7,700 meters on-street in 1997, so the labor costs for the in-house solution seem to be understated by at least half if not more.

DRAFT Auditor's Report Response

The pricing provided on page 4 of the Auditor's report was for the new 1,500 MacKay meters and housings. The original 15,000 meters installed cost less due to inflationary adjustments and volume discounts. The pricing was outlined in the original contract pricing provisions and BAFO from the Contractor and should be reflected in the cost analysis.

The Contractor funded the \$7 million purchase of 15,000 non-mechanical meters in 1998. The service of this debt was the basis for the pricing of the contract. It is not a valid assumption that every dollar paid to the Contractor was labor related for the purposes of this analysis.

As described above, the potential in-house revenues associated with this project should not be calculated based on the optimal year of collections but rather the prevailing rate of collections given the staffing and service levels at the time of privatization. Additionally, during the years with the highest revenue rates prior to conversion, several key factors were in place that provided revenue optimization:

- Extended hours of operation existed at many of the meters
- Saturday meter enforcement was in full effect
- DPW ticket writers easily averaged over ninety tickets per day and more during Saturday and other targeted enforcement actions.

Revenue estimates were developed by the District for the new meter inventory based on these assumptions. Soon after privatization, hours of operation were restricted and Saturday enforcement was abolished with passage of the Parking Meter Fee Moratorium Act, and the average enforcement levels dropped to 35 tickets per day per ticket writer, requiring a three-fold increase in the number of ticket writers to maintain issuance levels. Additionally, widespread abuse of handicapped placards following passage of the Act resulted in a loss of revenue up to 40% in many areas of the Central Business District.

We expect that expanded use of the Multi-Space meters under the new contract will enhance revenue generation, since there is no potential for users to take advantage of time left on a meter from a previous occupant. Credit cards are accepted and those who use cards tend to put the full amount on the card rather than twenty-five cents at a time.

Rather than decreasing net revenue, as shown in the chart above, the move to privatization enabled the District to realize an increase in net revenue of 62% for the last seven years using a realistic calculation of the potential in-house figures.

Recommendation: The Director of DDOT assign appropriate contracting staff to conduct a cost-benefit analysis as required by D.C. Code 2-301.05(b). Further, the Director should also commission an analysis of the projected cost of performing parking meter services in-house and the cost of providing the same services under a privatization contract.

Response: The DDOT Integrity Office will be assigned to conduct a cost-benefit analysis.

CONTRACTOR FAILED TO MEET PERFORMANCE STANDARDS UNDER THE CONTRACT

DDOT understands that contract performance standards need accurate data to compile and verify. The standard reports that are referenced in the old contract have always been available electronically for review and analysis by DDOT. In addition, during the past year current DDOT management has worked with the Contractor to provide a new reporting structure to address the need for better information management at no additional cost to the District.

With the new contract, a full review of standard reporting is underway to revamp standard reporting. The goal is to enable a complete, comprehensive picture of the status of the contract. The new PMMS, called eTIMS, is fully web-enabled, allowing DDOT management to have access to information at any time from any Internet-enabled computer. Development of ad hoc reporting will use Business Objects, the OCTO standard for this type of data management. This system is also web-based and allows near-real time data capture, analysis, comparison, and verification.

Section H.12 of the new RFP clearly states how liquidated damages will be determined and calculated. Each invoice will contain all of the relevant data supporting the assessment or non-assessment of liquidated damages as well as performance measurements without financial penalties. The Contractor and ACS will meet monthly to review the invoice and the attached documentation in detail.

An additional feature of the new contract is the establishment of a fully-independent work order system managed by DDOT called iSLIMS. We are already using this system for our street lighting inventory and outage reporting. It will act as an interface between the Hansen system and eTIMS. Full inventory data will reside in iSLIMS as well as all outage and repair data. This will allow for full audit functionality of Contractor-provided statistics and reporting. We fully support the need for this critical oversight capability.

The meter inventory records used during the street survey referenced on page 10 of the Auditor's report showed the complete on-street inventories, including those that were no longer on the street. One of the fields on the report detailed the status of the meter, showing whether the meter was "in-service" or not. Unfortunately, this information was not referenced by the inspectors when they were making their field visits, hence the perceived notion of "missing" meters. The Contractor does not delete an inventory record just because the meter space was removed from service. Even under long term removals, the space still exists in inventory, but its status is clearly stated in the on-line inventory and on reports. Of course, these meters are not figured into operability statistics.

Over time, even the best inventory system can have data that doesn't match the on-street reality. To that end, the new contract stipulates that a full on-street inventory using the new handheld units will be performed by the Contractor. Routine use of the handheld units will serve to automate the inventory maintenance process, including preventive maintenance. This data will be sent to iSLIMS and will be verified by DDOT. This will enable DDOT to independently establish and maintain a centralized database inventory for all parking meters.

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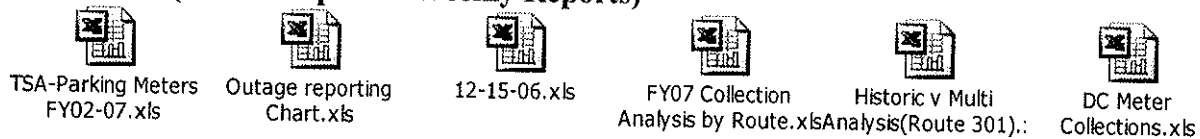
A barcode based inventory control system is being implemented as part of the new contract. This will facilitate spare part and asset tracking and management. Separate meters that are labeled with the same meter number will be identified and corrected during the inventory. The specific meter labels referenced in the Auditor's report have been fixed.

Most of the outages cited at the end of this section do not render the meters inoperable. The housings used in DC were at the time and are still the highest security housings on the market. The Contractor's security staff has worked closely with DDOT and the Metropolitan Police Department to monitor areas with increased levels of intentional jamming, graffiti and vandalism, with a number of highly publicized arrests to date. Aggressive actions on the part of the District are the only true deterrent to this type of behavior, which seems like a petty transgression to some, but constitutes a significant drain on resources and potential revenue and should be treated as the serious crime it is.

Recommendations:

1. DDOT's designated Contracting Officer for the Parking Meter services contract strictly enforce all contract provisions, including the submission of all reports at the designated frequency set forth in the contract, or timely modify the contract where appropriate to reflect agreed upon changes.

Response: DDOT will strictly enforce all contract provisions. The new Parking Meter Contract POKA-2005-R-0048-KH Section F: Deliverables and Performance, outlines a number of required reports and the frequency of the reports. We are receiving reports and will be updating and revising the requirements to include any additional reports needed as we move forward with the contract. (See Examples of Weekly Reports)



2. DDOT's Contracting Monitor establish an accurate centralized meter inventory data base to track meters to; determine the exact meter inventory in the District; and to appropriately track the status and disposition of each meter in the inventory; and enable the detection of duplicate meter numbers.

Response: The new Parking Meter Contract POKA-2005-R-0048-KH Section 3.1 outlines the required inventory monitoring and also includes a semi-annual inventory be taken by the contractor to keep accurate records of all assets related to meters and the condition of such assets. The contract also requires the contractor to provide on a monthly basis a Meter Inventory Report (Section C.3.1.9.2.4) which lists all operative meters by street, block, and collection route. The contractor will be conducting a comprehensive meter inventory this spring which will include all the critical attributes related to GPS coordinates, ADA, and condition of each and every meter.

3. DDOT's Contract Monitor ensure that required maintenance for all meters is timely and regularly performed according to contract provisions.

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Response: DDOT's COTR will ensure that all performance measures listed in the contract are strictly enforced and repairs and maintenance for all the meters is performed in accordance with the measures established. Failure to adhere to the performance terms of the contract will result in Liquidated Damages being accessed against the contractor. See section H.12 of RFP. Additionally, the iSLIMS work order system will allow DDOT to monitor performance times on every work order issued to the contractor.

OVERALL METER COMPLAINTS INCREASED APPROXIMATELY 903% UNDER PRIVATIZATION CONTRACT WITH ACS

The cause and full impact of the increase in meter complaints since privatization and over the past few years is well known. What was a manual process with no capability to communicate to citizens has become an automated, centralized process that facilitates feedback and tracks completion. This function is being dramatically improved under the new contract, with the expectation that all meter issues will be captured and resolved promptly. It is anticipated that this will cause the number of tracked public meter-related calls to increase further. This rise is not an indicator of an increase in dissatisfaction with the meter service delivery, but rather represents an improvement in the District's ability to capture, monitor, and report on these citizen interactions.

Prior to the conversion to the Contractor, meter complaints were captured at the DPW main phone number, 727-5000. There was no method of capturing the nature of the calls other than a manual process of writing down meter complaints and passing them on to the Meter Branch staff at 65 Mass. Ave NW. These complaints were divided by maintenance routes and hand-written sheets were carried into the field by the technicians. The results of their work would be entered into the ticket processing system, which contained a meter subsystem. Any feedback to citizens regarding their complaint would occur only if the citizen called back later to check on the status of their inquiry. This was neither tracked nor recorded.

In 1998, a unique phone number was identified by DPW for meter complaints. This number was posted on a decal on the meter and on signs throughout the District. With only one person who had other duties staffing this line with hundreds of calls a day, it devolved into an answering machine that was cleared periodically. Service requests would be hand-written from the phone messages and entered into the meter subsystem. These would appear on a report the next morning organized by maintenance route and be serviced. The repair action would also be keyed into the meter subsystem to close the outage. If possible, the citizen would be advised of the resolution of their complaint, but this was not the norm.

In 2004, DDOT and the Contractor moved this function to the Mayor's Call Center, developing an automated interface between PMMS and the city-wide Hansen customer service system at no cost to the District. Decals and signs were replaced showing the 202-541-6030 number. Daily electronic file updates transfer captured meter complaints by Hansen number to PMMS. Repair data is returned to Hansen so the citizen can be notified that their inquiry has been resolved. This also allowed for third-party reporting on the 72-hour resolution contract requirement.

Currently these are reported in two categories, physical damage and a generic meter complaint. DDOT is in the process of expanding the categories captured to provide a more accurate picture

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of the type of meter-related complaints and to better track their resolution. We expect to be able to track nuisance complaints and correlate them to specific meters. This will improve our targeted surveillance and reduce the actual meter outages (most of which are caused by vandalism). The new codes will also enable DDOT to track the new Multi-Space meter 24-hour response time accurately.

Citizens and visitors to the District expect to be able to find metered parking without having to encounter jammed or vandalized meters. DDOT will continue to work with other District agencies, MPD and the Contractor to aggressively reduce the number of these crimes, which will lead to fewer complaints.

Recommendation: DDOT's Director immediately investigate the increase in meter complaints to determine the cause(s) and full impact. The results should allow the Director of DDOT and other accountable District officials, in conjunction with ACS, to develop corrective measures to address this growing problem.

Response: The DDOT Integrity Office will conduct an analysis of meter complaints, however we believe the new Parking Meter Contract will address the issue. As mentioned above, DDOT encourages the public to call the Mayors Call Center to report broken meters. Over the next three (3) years, DDOT expects with the purchase of new equipment and better proactive maintenance and reporting by the contractor, DDOT and DPW, we expect the current call volume numbers to reduce by at least 5%-10%. With the installation of Multi-Space Meters and new Single Space Mechanisms, the reliability and operability will improve resulting in less broken meters and less calls to the call center. Additionally, the new contract calls for periodic and annual inspections of all the meters which will provide more proactive reporting. It should be noted that a number of calls to the call center regarding broken meters are people falsely reporting a broken meter in an attempt to not pay the meter and to not receive a parking ticket and remain at the meter without paying. Some believe that acquiring a Hansen work order number will exclude them from receiving a ticket.

PARKING TICKET PATRONS WERE IMPROPERLY FINED \$159,975 WHILE PARKING AT BROKEN METERS

There are two main components of this section that require clarification. First, ten of the fifteen repair codes cited in Table 6 on page 16 of the audit report are not related to a broken or non-functioning meter, including:

- GD – the meter was determined to be operating properly
- RB – replacing a battery is usually done as a preventive measure, not after the battery has failed
- ME – used for multiple actions on a meter, with no indication of an outage
- PT – the request for the meter does not constitute an outage
- PM – preventive maintenance is done proactively and is unrelated to outages
- LR – lock replacement has no bearing on the operability of a meter
- LL – lubricating locks is a normal maintenance procedure
- XX – canceling a outage is similar to GD in that there was no repair necessary
- RI – reprogramming meters is related to days of service or rates, not outages

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- CR – replacing the coin can has nothing to do with outages

Some of the other categories, such as SW (swapped mechanism), RS (reset), and SO (swapped out mechanism) can take place with or without the meter being out of service. The repair codes KJ (clear intentional jam) and CI (clear coin jam) most often result from intentional jamming of the meter, which is out of the control of the Contractor or DDOT.

If the ten codes cited above that have no relationship to meter outages are removed from the table, there are 2,043 tickets remaining. If intentional jamming codes are removed, there are only 361 tickets left. Even if all of the remaining repairs were due to outages that rendered the meters inoperable, that represents .05% of the overall population.

The second consideration in this section is the type of tickets issued. Meter related tickets can either be issued for an expired meter or for staying overtime at a meter. Even at a broken meter, vehicles can only park for the maximum time allowed, which could be from one- to four-hour periods. DPW parking enforcement officers are directed to capture the time a vehicle is initially sighted in a timed zone on their handheld units. When they encounter the vehicle again as they proceed through their beat, the software in the handheld unit automatically alerts if the vehicle should be cited for an overtime violation. This activity should be performed on every vehicle in a timed zone, regardless of the working condition of the meters or the amount of time left on a meter. Overtime enforcement limits "meter feeding" and promotes turnover at the meters. An additional consideration is the timing of the ticket and an outage. A ticket may be placed on a vehicle one minute and the meter malfunctions the next. This is unavoidable with Single-Space meters. When the citizen returns to their vehicle, they are faced with a FAIL in the meter and a ticket on their window. Multi-Space meters will resolve many of these issues; they do not have the same vandalism rates as Single-Space meters.

Recommendations:

1. Parking Tickets issued improperly to vehicles parked at inoperable meters should be refunded to the appropriate patrons by the District.

Response: DDOT will refer the matter to DPW Parking Enforcement

2. DDOT's Contracting Officer immediately meet with DPW and ACS regarding fees they may have been paid on tickets erroneously issued to patrons parked at inoperable meters.

Response: PARKING METER CONTRACTOR WAS INAPPROPRIATELY PAID \$644,952 IN BAGGED METER REVENUE FEES

Recommendations

1. DDOT's Director immediately discontinue the payment of bagged meter revenue fees to ACS until properly priced and authorized.

Response: The new Parking Meter Contract does not include payment to contractor for bagged meter revenue.

Recommendation:

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2. Should DDOT's Director determine the payment of bagged meter revenue fees to be appropriate, any future parking meter contracts should contain a specific provision allowing for payment of bagged meter revenue fees.

Response: The new contract is not structured to allocate any portion of revenues including the bagged meter revenue. It is a 5 year fixed unit price contract.

PROCESS OF DECOMMISSIONING PARKING METERS NEEDS IMPROVEMENT

As the audit report noted, the parking meter inventory is fluid. Meters are routinely reserved, or removed, from the on-street inventory for various reasons including construction and special events. These removals can last one day or several years depending on the project.

A proposed rule has been written that details exact instances when parking meters can be "decommissioned" and under what circumstances. Although this proposal has not yet been vetted with DDOT's General Counsel, it gives a clear and concise plan of how the bagged meter program will be established. It is included with this response as an attachment.

The Parking Meter Branch (PMB) of DDOT has assumed complete control of the entire "decommissioning of parking meters" (or bagging) process. All requests and actions relating to the invoicing, removal, tracking, and re-installation of meters are under its authority.

The iSLIMS work order program will assist DDOT in the management of this program by:

- Maintaining a comprehensive database of hood meter requests
- Transmitting application and removal instructions to the Contractor
- Ensuring that all applicable payments are made
- Tracking the removal and re-installation of meters
- Tracking all bagged meter revenue

Newly ordered hoods and Emergency No Parking Signs (ENPAT's) will be uniquely numbered so they can be tracked and validated. These will be inventoried and strictly controlled. The next generation of handheld ticket writing machines that will be ordered by DPW during this and upcoming fiscal years will include reader technology. The database of active hoods and ENPAT's can be loaded onto the handheld so they can be validated by the ticket writers in the field.

Strict enforcement will reduce the number of unauthorized actions that take meters out of service. DDOT will work with other District agencies to ensure that an accurate accounting of funds due to the District is performed regularly.

Recommendations:

1. The Director of DDOT immediately establishes a comprehensive system to track and regulate the decommissioning and bagging of meters. This will allow DDOT to know exactly which meters have been removed, for what period, how much has been collected, and identify any outstanding balance due the District.

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Response: The new Parking Meter Contract POKA-2005-R-0048-KH specifically requires the contractor to issue a report that "shall list the meters taken out of service for construction activities or other reasons under the meter hooding program". "The Contractor shall produce this report in electronic format on each district Business Day and transmit the report to the District no later than 11:59PM". This data stream will be integrated within the ISlims work order program, thus ensuring that the District maintain an independent database of all bagged meter information.

2. DDOT's Director ensure that only official "NO PARKING" signs issued by the District government are being used through the District, and that appropriate sanctions are established and enforced for the illegal "NO PARKING" signs posted in the District.

Response: Newly ordered hoods and Emergency No Parking Signs (ENPAT's) will be uniquely numbered so they can be tracked and validated. These will be inventoried and strictly controlled. The next generation of handheld ticket writing machines that will be ordered by DPW during this and upcoming fiscal years will include reader technology. The database of active hoods and ENPAT's can be loaded onto the handheld so they can be validated by the ticket writers in the field.

Strict enforcement will reduce the number of unauthorized actions that take meters out of service. DDOT will work with other District agencies to ensure that an accurate accounting of funds due to the District is performed regularly.

3. DDOT seeks to determine the exact amount owed by companies who had meters removed but failed to reimburse the District.

Response: Staff members of the Parking Meter Branch (PMB) have coordinated an investigation with members of the Public Space Management Administration (PSMA) to locate all meter related public space permit files that were issued during 2004 to the present. This portion of the project is completed.

The next step in the process is to make a correlation between the public space permit, the PSMA's standard deposit ticket, and the PMB bagged meter invoice, once the correlation has been established, an aggressive attempt to recover lost meter revenue fees will be made.

DISTRICT LOST \$3.8 MILLION IN REVENUE FROM METERS THAT WERE REMOVED FROM FEDERAL AGENCY LOCTIONS

The 1995 Oklahoma bombing and 911 greatly enhanced security concerns around many federal government office buildings in the District of Columbia, consequently parking was prohibited around these structures. The Federal government cited "National Security" concerns as the overriding factor in taking the position of removing or limiting parking around the perimeters of the affected buildings. This position negated efforts for reimbursement of lost meter revenue.

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The current parking meter management team has been moderately successful in reopening negotiations with many Federal agencies in an attempt to reinstall meters or to be compensated for the lost revenues.

Recommendation:

DDOT's Contracting Officer immediately determine the number of meters removed from Federal buildings sites and for temporary federal events and negotiate agreements, where feasible, with Federal agencies for reimbursement of meter revenue.

Response: DDOT will continue its efforts for reimbursement of meter revenue or the reinstallation of parking meters with Federal agencies.

DISTRICT LOST ADDITIONAL REVENUE ESTIMATED AT \$120,049 FROM METERS THAT WERE REMOVED FROM SERVICE TO FACILITATE THE 2001 AND 2005 PRESIDENTIAL INAUGURAL ACTIVITIES

Recommendation:

DDOT's Contracting Officer immediately determine the number of meters removed from Federal buildings sites and for temporary Federal events and negotiate agreements, where feasible, with Federal agencies for reimbursement of meter revenue.

DDOT has submitted invoices of \$63,848 and of \$57,000 respectively to recover lost meter revenue for the 2005 Presidential inaugural activities and the state funeral of Ronald Regan. To our understanding, these invoices were submitted to the Federal Government along with other District agencies request to recover reimbursement for services rendered. In checking, it appears all invoices were paid but were not separated into specific funding sources. We are checking back with several key DDOT staff to determine if the meter revenue for these events were included in the reimbursement.

DDOT ACCOUNTABLE MANAGERS FAILED TO TIMELY HIRE A CONTRACT MONITOR AND ASSIGN APPROPRIATE RESOURCES TO CONTRACT MONITORING

Recommendation:

The Director of DDOT ensure that the position of contract monitor for parking meter privatization remains filled thereby dedicating appropriate resources to contract monitoring

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Response: It is DDOTs intention to keep the position filled and to strictly monitor the performance of the contractor and to enforce the any performance measures that are not as specified in the contract. DDOT has instituted a number of measures that have begun to improve the management and audit accountability of the parking meter contract. The Quality Assurance Specialist position is filled and the reorganization of the Traffic Services Administration (TSA); and the inception of the City Wide Division that in general promotes management of infrastructure assets over the lifecycle of assets in the most cost effective manner so a specified level of service can be achieved. A clear indication that the program is improving is directly linked to revenues. The revenues for the program have been increasing every month since April 2005. To date our revenue has gone from \$13.5 in FY 2005 to \$15.9 for FY 2006. We view this as a clear indication that the oversight has been making progress. We still have much work to do but we believe the team is in place to improve and lead the program.